

**UNIVERSITY OF GHANA
COLLEGE OF HUMANITIES**

**DEMOCRATIC ELECTIONS AND FISCAL MANAGEMENT IN
GHANA'S FOURTH REPUBLIC, 1992-2016**

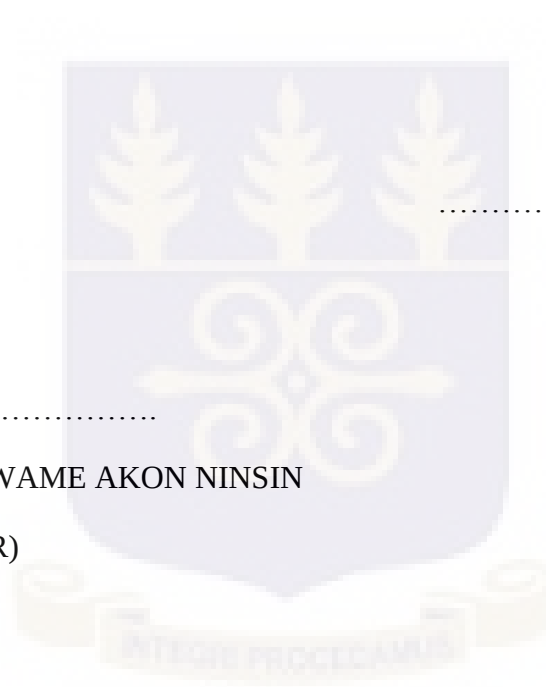
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**THIS THESIS IS SUBMITTED TO THE UNIVERSITY OF GHANA,
LEGON IN PARTIAL FULFILLMENT OF THE REQUIREMENT FOR
THE AWARD OF PhD POLITICAL SCIENCE DEGREE**

JULY, 2019

DECLARATION

I certify that this thesis with the exception of quotations and references duly cited and acknowledged in the study, is my original work and therefore I am solely responsible for all its limitations including errors, lapses and omissions. Further, I undertook this study at the Department of Political Science under the supervision of the undersigned.



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ABSTRACT

The Ghanaian state was ushered into multi-party democratic governance in 1992. Unlike its predecessors, the 1992 Constitution of Ghana which shepherded the democratic transition has so far survived seven successive competitive elections and three turnover of power from one democratically elected government to another, surpassing Huntington's "two turnover test" criterion for democratic consolidation. However, fiscal policy management by successive elected governments since the beginning of the Fourth Republic has failed to adequately respond to the democratic gains made by the state over the last two and half decades. Using the concurrent triangulation strategy of mixed methods data collection, this study investigates the interplay between democratic elections and fiscal policy management in Ghana's Fourth Republic. The study reveals the existence of political business cycles (PBC) in Ghana's electoral process since 1992. Thus, by overwhelming majority, Ghanaian voters support the proposition that since the inception of democratic rule in 1992, all incumbent governments had tried to manipulate fiscal policy for electoral advantage. This, they did by increasing public sector wages and salaries, scaling up of infrastructure development and reducing or relaxing their commitment in the collection of taxes, government fees and charges during election periods. Again, in almost all cases, this had led to macro-economic instability which led to reduction in economic growth and the economic well-being of the citizenry. Another significant revelation from this study is that Ghanaians had greater preference for infrastructure development when voting than any other consideration. Thus, infrastructure by far ranked the highest in terms of preference, leaving behind other key issues such as social intervention programmes, and wages, salaries and allowances of public sector workers during election periods. Finally, the study shows that Ghanaian voters under the Fourth Republic were both "myopic" and "rational" when electing

their political leaders. Thus, voters' myopic views on incumbents' economic policies during election times underscored the existence of PBC in Ghana's electoral process. It may also explain why incumbents won in the 1992, 1996, 2004 and 2012 elections. Conversely, their "rationality" and "forward looking" behaviour may also account for the electoral defeat of incumbents in the 2000, 2008 and 2016 elections despite attempts at manipulating fiscal policy for partisan, electoral and opportunistic purposes.

The study proposes some recommendations to restrain incumbents from manipulating the economy, particularly fiscal policy during election periods. These include the formation of an independent fiscal institution such as the fiscal council to serve as fiscal watchdog against fiscal indiscipline and expansionary fiscal policy at all times, particularly during election times. Moreover, there is the need for the establishment of fiscal rules with clear-cut mechanisms of enforcement. The study also recommends strict adherence to all the norms of good governance and transparency such as the passage of the right to information bill in order to enhance fiscal accountability. Other recommendations include the proscription of the winner-takes-all type of politics being practised under the 1992 Constitution, introduction of a seven-year non-renewable presidential tenure to ensure reasonable fiscal policy continuity, enhancement of civic education for Ghanaian citizens and by legislation, strict adherence to a long-term national development plan by all elected governments.

DEDICATION

This study is dedicated to my family.



ACKNOWLEDGMENT

Navigating through this academic journey has been difficult and arduous. Many people of diverse backgrounds have played immense roles to ensure that this study is completed. After appreciating the God Almighty for his bountiful favour in helping me complete this study, the contribution of my lead supervisor, Emeritus Professor Kwame Ninsin is immeasurable. Apart from his tremendous efforts in reviewing this work, his dedication, personal support and encouragement spurred me on and got the best out of me. I will forever remember him for that. My sincere appreciation also goes to other members of the supervisory team, namely: Dr. Maame Gyekye-Gyandoh and Dr. Owusu Mensah. Their selflessness, encouragement and dedication to this work cannot be quantified. Furthermore, the contribution of Dr. Kwame Asante to this work has been timely, enormous and incalculable. I also wish to thank the former Head of Department (HOD) of Political Science, Dr. Bossman Asare for his encouragement and support. I am also grateful to all senior members and administrative staff of the Department of Political Science, University of Ghana, for playing diverse roles in my PhD programme. Their support, encouragement, criticisms and advice helped greatly in shaping this study.

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LIST OF ACRONYMS

BoG	Bank of Ghana
MOFEP	Ministry of Finance and Economic Planning
NDC	National Democratic Congress
NPP	New Patriotic Party
CDD	Centre for Democratic Development
IMF	International Monetary Fund
IDEG	Institute for Democratic Government
ACET	African Centre for Economic Transformation
MDAs	Ministries, Departments and Agencies
IFS	Institute for Fiscal Studies, Ghana
ISSER	Institute for Statistical, Social and Economic Research
CPP	Convention People's Party
PNDC	Provisional National Defence Council
CODEO	Coalition of Domestic Election Observers
GIR	Gross International Reserves
CEPA	Centre for Policy Analysis
IEA	Institute of Economic Affairs
GDP	Gross Domestic Product
MPC	Monetary Policy Committee
ECF	Extended Credit Facility
GoG	Government of Ghana
GRA	Ghana Revenue Authority
NDPC	National Development Planning Commission
CAGD	Controller and Accountant General's Department

LDCs	Less Developed Countries
SAP	Structural Adjustment Programme
LTU	Large Taxpayer Unit
ERP	Economic Recovery Programme
HIPC	Highly Indebted Poor Country
EMU	Economic and Monetary Union
SGP	Stability and Growth Pact
OECD	Organisation of Economic Co-operation and Development
PBC	Political Business Cycles
SPSS	Statistical Package for the Social Sciences
IDEG	Institute for Democratic Governance
AGI	Association of Ghana Industries
TUC	Trades Union Congress
PAMSCAD	Programme of Action to Mitigate the Social Costs of Adjustment
MDRI-	Multilateral Debt Relief Initiative
PUFMARP	Public Financial Management Reform Programme
MTEF	Medium Term Expenditure Framework
BPEMS	Public Expenditure Management Systems
PRGF	Poverty Reduction and Growth Facility
ESAF	Enhanced Structural Adjustment Facility
GPRS	Ghana Poverty Reduction Strategy
NHIS	National Health Insurance Scheme
ESP	Education Strategy Plan
NYEP	National Youth Employment Programme
ECOWAS	Economic Community of West African States

GSGDA	Ghana Shared Growth and Development Agenda
MDGs	Millennium Development Goals
SSSS	Single Spine Salary Structure
SSNIT	Social Security and National Insurance Trust
GIFMIS	Ghana Integrated Financial Management Information System
TSA	Treasury Single Account
NIR	Net International Reserves
YEA	Youth Employment Agency
NABCO	Nation Builders Corps
SDR	Special Drawing Rights



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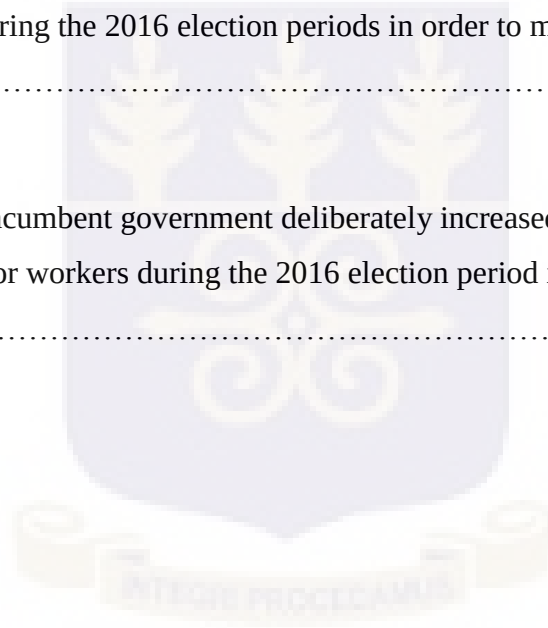
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CHAPTER ONE

INTRODUCTION AND RESEARCH PROBLEM

1.1 Introduction

A modern democratic state is conceived as a corporate entity and a key actor with relative autonomy, vision and capacity in promoting economic and political development for the benefit and well-being of its citizens and for the survival of the state (Mkandawire, 2002; Ianoni, 2013, p.577; Lindberg, 2001). As an institution in itself, the state is expected to play a crucial role in the economic transformation of society and the improvement of the well-being of the citizens in order to help uphold and sustain the democratic process and values (Patnaik, 1992; Ianoni, 2013; Ninsin, 2007). In Ghana, this conception of the state has been hamstrung over the past two and half decades by its (that is, the state's) inability to effectively and efficiently play its economic role. The state has been unable to achieve prudent fiscal and public financial management and maintain a semblance of macro-economic stability. The result is that, the Ghanaian state is frequently mired in deep fiscal crisis despite almost three decades of efforts at consolidating democracy and sustaining good governance (Osie & Telli, 2017; Chu & Diamond, 1999; O'Connor, 1973; Navlakha, 2003; Henderson, 1999; Njoku, 2001).

After many years of both military and civilian authoritarian regimes since its attainment of independence from the British colonialists in 1957, the Ghanaian state was ushered into a period of democratic governance on January 7, 1993 (Ninsin, 1996; Boafo-Arthur, 2006). According to Yayoh (2006-2007), the actual processes for democratic rule in the Fourth Republic commenced

in 1990, when the Provisional National Defence Council (PNDC) military junta mandated the National Commission for Democracy to undertake a nation-wide campaign to gauge the readiness of the Ghanaian people and the Ghanaian state towards a democratic transition (Yayoh, 2006-2007, p.130). Buckling under a tidal wave of political, economic and diplomatic pressure from both domestic and external sources, particularly in the immediate aftermath of the collapse of the Soviet Union, the PNDC regime finally acquiesced to the formation of a consultative assembly that from August 1991 to March 1992 helped to promulgate a new constitution which was subsequently approved by the Ghanaian people in a referendum on April 28 of the same year (Boafo-Arthur, 2006; Huntington, 1991, pp.14-15; Ihonvbere, 1996, pp.85-88; Ottaway, 2000; Haggard & Kaufman, 1997; Berntzen, 1993). Boafo-Arthur (2006) stresses that, the 1992/93 democratic transition in Ghana was partly inspired by the economic and political impacts of globalisation in the aftermath of the collapse of the Soviet Union and therefore the military authoritarian regime had no option than to accept liberal reforms. Thus, general elections were held in November and December 1992, and a new democratic government under a new constitution was sworn in on January 7th, 1993 (Ninsin, 1993; Aryee 1998a). The 1992 Constitution which heralded the Fourth Republic has so far lasted almost two and half decades without any interruption and has witnessed seven competitive democratic elections, reinforcing the Ghanaian state's credentials as a democratic trailblazer within the African continent (Whitfield, 2009; Morrison, 2004; Gyampo, 2009; Shubane & Stack, 1999). Again, under the current constitution there have been an unprecedented three transitions from one democratically elected government to another, and the state has successfully held seven presidential and parliamentary elections from 1992 to 2016. In fact, the degree of transparency, credibility and public acceptance of these elections has won international accolades for the state and Ghana is

now widely touted across the world as the beacon of democracy in a sub-region that is constantly buffeted by political instability, violence and authoritarianism (Debrah, 2006; CODEO/CDD, 2013; Morrison, 2004; Gyampo, 2009; Im, 1996). Ninsin (2006) surmises that, Ghana's second election in 1996 was a milestone because "it took the country past the threshold of democracy" and "since then, the tradition of ensuring free, fair, credible and inspirational elections has been sustained and deepened" (Ninsin, 2006, p.66). Equally, he points out that the 2000 election was remarkable in the sense that the New Patriotic Party (NPP) which had been in opposition since 1992 was able to defeat the incumbent National Democratic Congress (NDC) and for the first time, a democratically elected government had handed over power peacefully to another democratically elected government (Ninsin, 2006). This was a novelty in Africa where in many instances "election results were rejected followed by violence and destabilization, and derailing the whole democratization process" (Anebo, 1998, p.167). In Ghana, the acceptance of election results, and the "level of elite consensus on the rules and transparency of the electoral process" are central to the sustenance and consolidation of democracy since the political transition of 1992 (Anebo, 1998, p.170). Chu and Diamond (1999) argue that, "the essence of consolidation is institutionalization of the electoral process-the acceptance of free and fair elections as the only means for obtaining or retaining power" (p.808). Thus, since 2016, Ghana has exceeded the so-called Huntington's "two-turnover" test criterion in "which the initial ruling party" the NDC was defeated in 2000 and constitutionally handed over power, and then the successor NPP also suffered and accepted the same fate in 2008, and in 2016, the NPP returned to power again after defeating the incumbent NDC government (Chu & Diamond, 1999, pp.808-809).

Lipset, (cited in Arat 1988), underscores the complex relationship between democracy and economic development arguing that socio-economic characteristics of societies may be causal

factors of democratisation. According to him, socio-economic development has tremendous impact on democracy. He further suggests a positive linear relationship between levels of socio-economic development and democratic development, arguing that economic development including industrialisation, urbanisation, high educational standards, and a steady increase in the overall wealth of the state and society is a basic condition for the sustenance of democracy, and a mark of efficiency of the entire political system (Arat, 1988, p. 22). Przeworski, Alvarez, Cheibub and Limongi (2000) also draw the linkage between democracy and economic development. Furthermore, scholars such as Ayee (2006) and Allah-Mensah (2006) emphasise the relationship between democracy and economic development, particularly poverty reduction. According to Allah-Mensah “for many developing countries, the only way to achieve a reduction in levels of poverty experienced by a vast majority of their population is to create the enabling environment through democratic governance” (Allah-Mensah, 2006, p.237). Ayee (2006) postulates that, “democratic consolidation and political participation are meaningless without improved quality of living through the eradication of poverty and the creation of employment” (Ayee, 2006, p.114). In the case of Ghana, despite the extraordinary democratic achievements since the inception of democratic rule in 1992, the Ghanaian state and its people have not enjoyed the corresponding economic dividends. Under the PNDC’s Economic Recovery Programme (ERP), macro-economic management and performance in Ghana was exemplary. Tsikata (2007) emphasises that, “the reform programme of the 1980s led to a turn-around in the economy by 1992. An average real rate of growth of about 5 per cent was attained and, from \$274 in 1982, the GDP per capita rose to \$441 by 1992” (p.55). Furthermore, inflation, which stood at 123 per cent in 1983 declined to 10 per cent in 1992 (Tsikata, 2007, p.55). However, the situation dramatically changed since 1992. Thus, since the 1992 elections and transition to

democratic rule, successive governments have grappled with managing the national economy during election year and immediately after (Government of Ghana, 2009, pp.4-5). Ghana's macro-economy often plunges into turbulence during and immediately after general elections which has a four-year cycle. Inflation rates always accelerate, the local currency, the Cedi often experiences massive depreciation against major international currencies, the levels of Gross International Reserves (GIR) usually plummet, fiscal and current account positions deteriorate and arrears to both foreign and local contractors are accumulated, severely choking the already limited fiscal space available for sound economic management (CEPA, 2009). Similarly, interest rates trend upwards, the stock of national debt often jumps to unsustainable levels, and public expenditure gets out of control (Fitch, 2012). Lowery (1985), suggests that democratic governments, desirous of winning elections could "manipulate monetary and/or fiscal instruments for electoral, partisan, and/or personal political advantage" (Lowery, 1985, pp. 428-429). Eslava (2006) further argues that, in a democracy, voters prefer higher public spending because they fail to appreciate the negative fiscal implications in the future. As a result they reward incumbents who undertake high levels of deficit-financed expenditures, and punish fiscally conservative governments, thereby encouraging fiscal irresponsibility that might result eventually in fiscal crisis (Eslava, 2006, p.6). In his ground-breaking study, Nordhaus (1975) postulates that a "perfect democracy with retrospective evaluation of parties will make" fiscally biased decisions against the future generations. He hypothesises that; incumbent governments would usually begin their terms of office with relative fiscal austerity and end with fiscal feast immediately before the elections, in order to sway the available votes in their favour (Nordhaus, 1975, p. 187). Juxtaposing the hypotheses propounded by these scholars with the experiences of the Ghanaian state in recent times, one can surmise that underlying the perennial election-

induced macro-economic instability in the country since 1992 is poor fiscal management characterised by excessive public expenditure, leading to huge fiscal deficit, rising public debt and the resultant weakening of the entire economic fundamentals (IEA, 2014). Gotz-Kozierkiewicz and Kolodko (1992), identify fiscal balance as “one of the most commonly used synthetic indicators or measures of the role of the government sector and of the stance of fiscal policy,” arguing that “large and persistent fiscal deficits would have adverse effect on macro-economic stabilization” (Gotz-Kozierkiewicz & Kolodko, 1992, p.15). Thus, in Ghana, and under the Fourth Republic, successive governments desirous of gaining undeserved electoral advantage at the polls have been fiscally delinquent, dangerously pushing the economy to the precipice. For instance between 2000 and 2001, the country faced severe macro-economic challenges as a result of fiscal slippages brought about by excessive spending before and during the 2000 elections, leading to an unsustainable public debt levels (both domestic and external). Debt service became the single biggest expenditure item in the national budget and together with personnel expenditures swallows about 75 per cent of national revenue (Government of Ghana, 2001). The negative macro-economic fundamentals in the immediate aftermath of the 2000 elections was also characterised by rising inflation, unprecedented currency depreciation, low disbursement of loans and grants and dwindling export earnings as a result of low prices for the country’s primary commodities. These trends constrained foreign exchange and ultimately led to economic growth rate of only 3.7 per cent in 2000 (Government of Ghana, 2001). This growth is one of the lowest in Ghana’s economic history (Government of Ghana, 2009, p.3). Again, according to the IMF (2009), despite some progress in macro-economic and structural areas in subsequent years, Ghana’s economy had plunged into serious crisis as a result of exogenous shocks in 2006, two years to the 2008 election. Externally, the 2007-08 food, fuel and financial

crisis across the globe severely buffeted the Ghanaian economy. Coupled with the election-related expenditures, the economy registered a fiscal deficit of 14.5 per cent of GDP in 2008 compared with 7.5 per cent of GDP in 2006 (Government of Ghana, 2009, pp. 4-5). According to the Bank of Ghana's (BoG's) Monetary Policy Committee (MPC), in 2012, another election year, the Ghanaian economy came under severe stress as a result of fiscal excesses resulting in fiscal deficit of GH¢8.7 billion (12.1 per cent of GDP), against a target of GH¢4.7 billion (6.7 per cent of GDP), one of the highest in the nation's history (BoG, 2013). The report further states that, recurrent expenditure alone amounted to GH¢16.5 billion, 26.5 per cent more than the budget (BoG, 2013). This was driven by higher payments in respect of personal emoluments, utility and fuel subsidies and interest costs (BoG, 2013). For instance, in the 2012 fiscal year, the implementation of the single spine pay policy resulted in a dramatic rise in wages and salaries of public sector workers to GH¢7.5 billion against a budget target of GH¢5.6 billion. This sharp growth in expenditures fatally choked the narrow fiscal space available for fiscal manoeuvrability (BoG, 2013, pp.3-4). Furthermore, in 2016, yet another election year, fiscal management came under the spotlight as a result of the election-induced fiscal and macro-economic difficulties, despite the IMF Extended Credit Facility (ECF)-supported programme the country was implementing for the past two years (IFS, Ghana, 2017). Fiscal deficit which had narrowed to 6.3 per cent of GDP in 2015 from 10.2 per cent of GDP in 2014 jumped to 8.7 per cent of GDP in December 2016 resulting in rise of public debt to 73 per cent of GDP, an unsustainable threshold that put the fiscal consolidation measures of the government in serious jeopardy and further disrupted macro-economic stability. Three years of high fiscal deficit and weak consolidation measures resulted in a sharp depreciation of the currency and a GDP growth rate of 3.6 per cent in 2016, the lowest in almost two and half decades (IFS, Ghana, 2017, p.1).

It must be emphasised that, in the foregoing election-related fiscal and macro-economic difficulties that the nation has faced in the Fourth Republic, successive governments that won the elections immediately embarked on fiscal consolidation, a euphemism for fiscal austerity often with the support of an IMF macro-economic stabilisation programme (CEPA, 2009). Gould (2003) opines that, countries under IMF-supported macro-economic stabilisation programmes generally benefit from loan resources on a revolving basis to offset their short-term payments imbalances and thus overcome short-term exchange rate challenges. However, he suggests that since 1952, the Fund has attached various conditions to its loans including broad macro-economic targets, ‘micro-conditionality’, policy advice on exchange rates and credit expansion; governance and enterprise reforms. The intrusive and one-sided nature of these conditionalities have interfered with the policies and the political and economic trajectories of numerous borrowing states, attracting criticism from a broad range of groups including economists, activists, politicians, the Fund’s staff themselves, and members of both the political left and the right (Gould, 2003, pp. 551-552). Criticism was directed “at the ineffectiveness of IMF conditions to overcome the dependence of a range of low-income countries on IMF money” and neglecting the needs of the poor (Dreher, 2009, pp. 233-234). In Ghana, the major planks of the IMF-supported programmes are withdrawal of subsidies on social services, divesting of state-owned enterprises, public sector employment freeze, adjustments on taxes, cutting down on public expenditures and maintaining sustainable public sector wages, reform of the public sector, policy advice on various sectors of the national economy among a raft of other macro-economic measures. The severity of some of these conditions at the implementation stage has often attracted a loud backlash from the general Ghanaian public including voters who have complained of bad faith from their governments and elected representatives.

1.2 Research Problem

Democracy as a people-centred form of government is perceived across the world as a panacea for backward social and economic development as well as the sustenance of the well-being of both the state and the citizens (Huntington, 1997). Bienen and Herbst (1996) point out that, broadly speaking all good things move together and therefore in any well-functioning state, democracy and economic transformation are bedfellows and are mutually interdependent (Bienen & Herbst, 1996). Amuwo (2009) argues that, in African countries, the post-Cold War framework of political economy is centred principally on the reforms of the national economy and transition to democracy and good governance. In this regard, many African countries embarked on democratic transitions in the early 1990s with the hope of reaping the economic dividends for their citizens and the strengthening of the state (Amuwo, 2009). According to Ninsin (2007), in the early 1990s, “the World Bank had reached the conclusion that state power should be democratized and good governance practices, including greater transparency and accountability, adhered to” before further financial assistance would be disbursed to developing countries, particularly in Africa (p.86).

Ghana thus, embarked on its democratic transition in 1992 after many decades of military and civilian authoritarian regimes (Debrah, 2006; Abdulai, 1992; Essuman-Johnson, 2006). In spite of the various challenges, Ghana’s democracy has so far achieved a remarkable seven consecutive elections and three democratic turnovers spanning two and half decades. In this regard, the Ghanaian state is touted nationally and within the international community as a shining example for other countries in Africa and the developing world to emulate (CDD, 2009, p.1; Debrah, 2006). Whitfield (2009) points out that, with each election after every four years

under the Fourth Republic, Ghana “increased its credentials as the shining democratic star on the African continent” (Whitfield, 2009, p.621).

Despite this acclamation of Ghana’s democratic credentials over the past two and half decades, the Ghanaian economy has faced tremendous pressures particularly before, during and after presidential and parliamentary elections. Persistent pre-election fiscal expansion and post-election fiscal austerity often have characterised Ghana’s macro-economy and public finances since 1992 (Government of Ghana, 2009, pp.1-5). For instance, in both 2013 and 2017 just after the inauguration of the new governments, Ghana’s macro-economic fundamentals deteriorated to the extent that the IMF had to come to the rescue with its stabilisation programme to try and restore fiscal sanity. Aryeetey and Kanbur (2017) posit that, the high expectations and optimism of Ghanaians in recent years have been eroded by “economic uncertainty and weakened economic performance” (p.3). For instance, by the end of fiscal year 2015, economic growth stood at 3.5 per cent, in March 2016, inflation rose to 19.2 per cent and “unemployment was estimated at more than six per cent” (Aryeetey & Kanbur, 2017, p.3). Furthermore, poor power supply in both 2015 and 2016 had brought the manufacturing sector to its knees and it is estimated that unreliable power supply “had cost the small and medium enterprise sector in Ghana an average of US\$2.2 million daily or 2 per cent of GDP in 2015” (Aryeetey & Kanbur, 2017, p.3).

As the economy and the public finances unwind, the autonomy, vision and the capacity of the democratic state as a corporate, political and economic actor is undermined (Ianoni, 2013; Nova, 2011; Graham, 1989). Thus, democracy as a people-centred political system has so far seemed unable to guarantee sound fiscal management after every general election under the Fourth Republican constitution, and provide citizens with the necessary welfare benefits. Ayee (2006)

emphasises that, “in spite of the 2004 UN Millennium Project report” that underscored Ghana’s remarkable successes in the area of governance, “there is grave scepticism about claims regarding improved standard of living for Ghanaians” (Ayee, 2006, p.89).

Since the inception of the Fourth Republic in 1992, several studies including Ninsin (2006), Anebo (1998), Ayee (1996), Ayee (1998), Kelly (2009) and Kelly (2005), have offered insightful assessments on Ghana’s democratic transition and various ways of sustaining and consolidating it. On the other hand, scholars such as Ninsin (1996), Aryeetey and Harrigan (2000), Bofo-Arthur (1999), Killick (2000), Dordunoo (2000), Kusi (1991), Hutchful, (2002), Aryeetey and Kanbur, (2017), Aryeetey and Fenny (2017), Osei and Telli (2017) and Gyimah-Boadi and Jeffries (2000) have also looked into Ghana’s economic transitions, policies and reforms. However, a comprehensive study on the relationship between democratic elections and fiscal policy management in Ghana’s Fourth Republic from 1992 to 2016, is non-existent from the literature. Besides, most studies which tersely discuss the interface between democratic elections and fiscal policy management only covered periods before the democratic transition of 1992 and immediately after. Thus, after almost two and half decades of political transition, there is the need to build a full understanding of the interaction between democratic elections and fiscal policy management in Ghana’s Fourth Republic.

The core problem of this study therefore is to investigate the interplay between Ghana’s democratic elections and fiscal management in the Fourth Republic. The study will attempt to provide evidence on how electoral, partisan and opportunistic policies and decisions by the political elites and policymakers in Ghana affect the national economy, particularly fiscal policy.

This study will also examine the implications of the perennial election-related fiscal crisis on the economy of Ghana and the well-being of Ghanaian citizens and the state.

1.3 Research Questions

The research questions of this study are made up of one main question and four secondary questions.

Main Research Question:

What is the relationship between democratic elections and fiscal management in Ghana's Fourth Republic?

Secondary Questions

What is the extent of influence of fiscal management on voters' behaviour in Ghana's Fourth Republic?

How and why does the constituency of the Ghanaian voter influence his opinion on fiscal policy management during elections in Ghana?

How does the educational background of the voter affect his views on fiscal policy management in Ghana during elections in the Fourth Republic?

What are the impacts of the election-related fiscal excesses and slippages on the overall economy of Ghana?

1.4 Significance of the Study

The study explores the real cause(s) of the perennial fiscal and macro-economic instability during and immediately after Ghana's elections in the Fourth Republic from 1992 to 2016. Accordingly, it would contribute to the search for a lasting solution to the dire economic problems facing Ghanaian citizens and the state before, during and after general elections. In particular, the study will contribute to the debate on poor fiscal management in Ghana during election periods in the Fourth Republic.

1.5 Objectives of the Study

The study seeks to achieve the following objective:

- (I) Identify the nature of the relationship between democratic elections and fiscal management in Ghana's Fourth Republic.
- (II) Discuss the impacts of that relationship on the national economy and the well-being of Ghanaians.
- (III) Offer recommendations on preventing election-induced fiscal excesses and the corresponding macro-economic instability.

1.6 Operational Definitions of Concepts

1.6.1 Fiscal Policy Management

Various definitions have been offered on the concept of fiscal policy management. According to Drummond and Mansoor (2003), fiscal policy management issues fall within four main areas.

These include: budget coordination, tax and revenue efforts, expenditure control, and rules for public borrowing (p.64). On the other hand, Ismail and Husain (2012) suggest that, fiscal policy management is the use of “taxes and government spending as fiscal tools to manage the economic activities” of the state and to achieve government’s macro-economic objectives (Ismail & Husain, 2012, p.341). This study concurs with the definition of Ismail and Husain (2012) which describes fiscal policy management as the use of taxes (and other government revenues) and public spending as fiscal instrument for economic management.

1.6.2 Fiscal Policy

Fiscal policy is variously defined as the use of public spending and taxes by the government and its policymakers to achieve a certain objective (Weidenbaum, 1970; Wiggins, 1948; Ismail & Husain, 2012). Government can make use of either taxes or expenditure or both to stabilise the economy (Ismail & Husain, 2012). Thus, “over-all fiscal policy is concerned with the desirable amount and sources of government revenue and the amount and uses of expenditures of the federal government, on the basis not only of financial but of economic considerations as well” (Wiggins, 1948, p.69). In this study, fiscal policy is the use of government expenditure and public revenue to achieve a predetermined economic or political objective.

1.6.3 Democratic Election

Broadly speaking, democratic elections are “competitive, periodic, inclusive, definitive” process “in which the chief decision-makers in a government are selected by citizens who enjoy broad freedom to criticize government, to publish their criticisms, and to present alternatives”

(Kirkpatrick, 1984, p.63). These defining features of democratic elections distinguish them from other processes in which persons drop into boxes small pieces of paper bearing the names of political leaders without actually exercising their right for democratic choice (Kirkpatrick, 1984, p.63). This study adopts Kirkpatrick's (1984) definition as a working definition for democratic elections.

1.6.4 Domestic Revenue

Gnangnon (2017) equates government domestic revenue with proceeds mobilised from taxation. Thus, taxes generated from international trade, income taxes and other direct and indirect taxes constitute government's revenue (Gnangnon, 2017). However, according to Javid and Arif (2012), total revenue is the "sum of both tax and non-tax revenue" including "cash receipts from taxes, social contributions, and non-tax sources such as fines, fees, rent, and income from property or sales" (p.365). In this study, domestic revenue includes tax and non-tax revenue. Non-tax revenue consists of government fees, levies and charges. However, this excludes loans, grants and other donor supports for the state.

1.6.5 Public Expenditure

Scholars such as Corsetti, Meier and Müllerand (2012), Nourse (1959), Simpson (1979) and Ferris (1983), describe public expenditure as government's spending choices across various sectors of the economy and together with tax and non-tax revenue constitute the building blocks of fiscal policy. While concurring with this explanation of expenditure, my study also uses terms

such as fiscal spending, public spending and public expenditure to refer to government expenditure.

1.6.6 Social Intervention Programmes

In simple terms, social intervention programmes, also referred to as social programmes in this study, are state interventions aimed at reducing poverty and improving the well-being and living conditions of citizens (Rodríguez, 2009). They are often targeted at the poor, the excluded and the marginalised but in some instances could cover the entire citizens of the state (Rodríguez, 2009; Carmona, 2014). Social programmes fall within the remit of the World Bank's social development strategies that aimed at achieving "positive social change" and "transformation that better equips society to reduce poverty (Vetterlein, 2007). In this study, social intervention programmes are government initiatives whose main objective is to reduce poverty and better the living condition of the entire citizens of the country.

1.6.7 Public Sector Salaries, Wages, Allowances and Bonuses

In simple terms, public sector wages, salaries, allowances and bonuses are generally the various components of the compensation package paid to government workers for their services to the state (Wang & Gunderson, 2015; Tomev, Daskalova, Mihailova & Ivanova, 2008). Thus, in this study, public sector compensation is used interchangeably with public sector wages, salaries, allowances and bonuses.

1.6.8 Infrastructure

The World Economic Forum (2014) defines infrastructure as “the physical structures — roads, bridges, airports, electrical grids, schools, hospitals — that are essential for a society to function and an economy to operate” (World Economic Forum, 2014, as cited in Stern School of Business & New York University, 2016). This study concurs with the definition of infrastructure offered by the World Economic Forum and thus will use it as a working definition.

1.6.9 Voter Choices/Preferences/Influences

In the run-up to elections, many issues influence voters in their electoral decisions. These issues are the considerations they make before casting their ballots for one political party or the other. These voter considerations are what this study means by voter preferences, choices or influences.

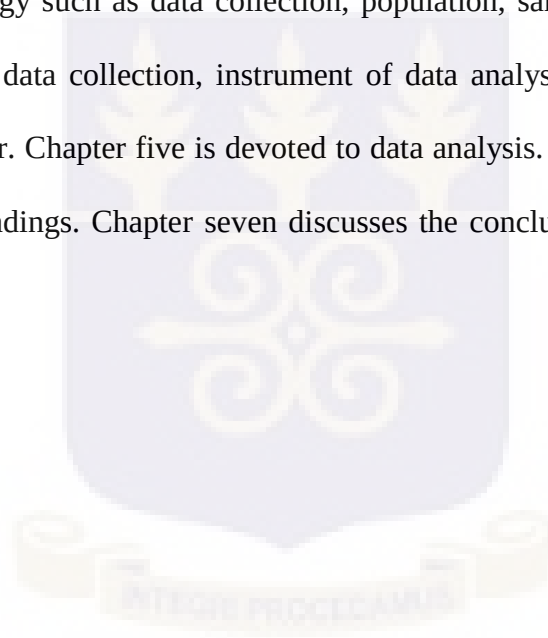
1.6.10 “Other”

“Other” in this study means any answer offered by the respondents which is outside the various alternatives offered by the question(s) in the questionnaire.

1.7 Organisation of the Study

This study is divided into seven chapters. Chapter one focuses principally on the background and the introductory aspects of the study. It also discusses the research problem, outlines the research questions, the significance as well as the objectives of the study. Chapter two undertakes a literature review. The literature review is organised into seven thematic areas; namely, the idea

of the state, the state in Africa, democracy, democratic elections and political business cycles (PBC), fiscal policy, democratic elections and fiscal policy and fiscal policy management. The literature review will enable us to identify the lacunae that are present in the subject of investigations, namely “Democratic Elections and Fiscal Management in Ghana’s Fourth Republic, 1992-2016”. Chapter three discusses the theoretical framework. In this regard, various theories are analysed. Where necessary, their strengths and weaknesses vis-à-vis the study have been thoroughly examined. Chapter Four discusses the methodology of the study. Important aspects of the methodology such as data collection, population, sample, sample size, sampling technique, instrument of data collection, instrument of data analysis and ethical issues are all highlighted in this chapter. Chapter five is devoted to data analysis. Chapter six summarises and discusses the research findings. Chapter seven discusses the conclusions and recommendations of the study.



CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This literature review is organised under seven themes. These are (i) the state (ii) the state in Africa (iii) democracy (iv) democratic elections and political business cycles (PBC) (v) fiscal policy (vi) democratic elections and fiscal policy (vii) fiscal policy management. A thorough appraisal of the above-mentioned thematic areas will bring out the lacunae that will be filled by the study.

2.2 The State

Gross (1985), Riggs (1994) and O'Connor and Wilding (1970) assess the role of state institutions, particularly the executive arm, in administering the society. Gross (1985), claims that between A. D. 1500 and 1800, the main objective of administrative activity in the various European nation-states was securing the status of the state as the only legitimate coercive authority. The primacy of the state could not be contested by any entity or else it might be seen as an infringement on its sovereignty. The state would play a primary role of organising and administering society in its entirety and its orders must be presumed as binding on all its citizens. Gross points out that in the seventeenth and eighteenth century, what he calls, the “well-ordered police state” emerged especially in Central Europe and Russia. According to him, this police state was interventionist and regulatory and therefore sought to control and administer literally

every aspect of life in society (Gross, 1985, pp. 61-62). Gross' thesis throws light on the salient character of the state as an entity with uncontested authority and sovereignty. My study concurs with Gross' portrayal of the state as the embodiment of administrative capacity and therefore instrumental through its various mechanisms and structures in superintending the various governance institutions within its borders for the betterment of its citizens. However, of particular importance to my study are the specific roles of the state in the management of fiscal policy and public finances. In this regard, the significance of the organs of the state such as the executive and to a lesser extent the legislator will be highlighted. On the other hand, Riggs (1994) argues on the precariousness of state structures which may be brought about by weak institutions in some parts of the world, particularly, Africa. Riggs (1994) surmises that, the modern state is a recent phenomenon that has its roots mainly in Europe and North America only about two centuries ago before it spread across the whole world. However, despite its widespread existence, the state and its structures are imperilled in some parts of the world. Riggs suggests that, any politically organised society has a state. States have their distinct features that differentiate them from one another. According to him, the most significant distinction among states is the basis of legitimacy. Thus, legitimate regimes derive their authority and obedience from the consent of the people while the foundation of despotic rule is fear, threat of violence or violence (Riggs, 1994, pp. 588-590). However, Riggs (1994) fails to highlight the role of these state institutions in fiscal and macro-economic management. In many African countries including Ghana, these state institutions which are expected to ensure sound fiscal and macro-economic management for the sustenance of the state and the well-being of the ordinary people rather shirk their responsibilities because of their structural defects. This may lead to endless fiscal crisis and result in the breakdown of both political and economic systems. Added to this is

the lackadaisical and often irresponsible behaviour of the ruling class in managing the affairs of the state within the African continent. This study will nonetheless utilise Riggs' propositions on the structural defects of state institutions to analyse the reasons behind the poor performance of fiscal policy management in Ghana, especially during and after elections in the Fourth Republic. O'Connor and Wilding (1970), on their part, expatiate on the social and economic functions of the state. This includes fiscal management. O'Connor and Wilding (1970) postulate that, in recent times, the role of the state has been expanding across various sectors of public life. They argue that, the state plays a leading role in the promotion of economic growth, extension of education, health and welfare services and in providing infrastructure for poverty reduction. According to them, in many countries the role of the state has been mainly developmental, thereby implementing positive measures and policies to develop the nation's social, cultural and economic resources (O'Connor & Wilding, 1970, pp. 164-167). The numerous social and economic functions of the state dilated upon by O'Connor and Wilding are necessary for development and poverty reduction and thus central to the discussion of democratic elections and fiscal policy management which is the focus of my study.

Scholars such as Evans (1989) and Schwarz (2008), provide varied insights into the types, features and roles of states particularly with regards to development and management of public and natural resources. Evans' (1989) propositions focus on the typology of states based on their sizes and style of governance, among others. He categorises states as predatory, developmental and intermediate. He argues that, a collection of states can be defined in terms of the way in which they affect development and manage public finances. Incumbent governments in some states can occasionally manipulate state apparatuses including financial resources to extract and distribute unproductive rents in return for political support from its citizens. States such as Zaire,

the scholar argues, have a government that may extract a large amount of investable surplus resources and yet provide very little in the way of “collective goods” for its citizens, thereby impeding macro-economic stability and social transformation. These states by their nature have a predatory government and in his view, they control the machinery of state with the main objective of plundering its resources “without any more regard for the welfare of the citizenry than a predator has for the welfare of its prey” (Evans, 1989, pp.562-563). He observes that, the arbitrariness and the patrimonial tradition of the Zairian regime under Mobutu Sese Seko ensures that the control of the state and its apparatus is vested in a clique of “personalistically interconnected individuals” paving the way for uncontrolled plunder of the society’s resources by the ruling elites for selfish reasons (Evans, 1989, p.570). However, other states particularly those in East Asia such as Japan are transformative and developmental. According to him, the Weberian description of a coherent ‘meritocratic bureaucracy’ is clearly present in the Japanese state. Unlike the Zairian state, the Japanese state puts premium in formal competence, rather than clientelism or any form of loyalty in their bureaucratic set up. In Japan, in contrast to Mobutu’s Zaire, for the sake of efficiency and value for money, competence is a prerequisite for entry into the civil service, instead of patronage (Evans, 1989, p.573). In developmental states the confluence of “historically accumulated bureaucratic capacity and autonomy put these state apparatuses in a very exceptional position” (Evans, 1989, p.575). Furthermore, he surmises that, the third type of states with some unique apparatuses such as Brazil, are the ones able to perfectly blend predatory and developmental activities (Evans, 1989, pp.562-576). The categorisation of states into predatory, developmental and intermediate by Evans (1989) brings to the fore the issue of capacity and capability. The core question germane to my study is which of these categories of states described by Evans (1989) have the requisite capacity and capability

to effectively navigate through the nuances of fiscal and macro-economic management during elections? On the other hand, Schwarz (2008) applies the rentier state model to analyse how states and the ruling class manage financial and other public resources. Schwarz uses the Middle Eastern and North African countries as case studies in his thesis. He argues that, unlike the modern European states which rely on taxation to fund the state's developmental agenda, rentier states in the Middle East and North Africa rely solely on natural resource extraction for survival. This, in his opinion results in the weakness of the state and its institutions, because state-formation in that part of the world is not accompanied by political accountability, transparency, and the "civilianization of government". Thus, he surmises that a state's expenditure is expropriated by the political elites for the purposes of "societal peace and political acquiescence". In the Arab world where this phenomenon is prevalent, states are often strong in times of oil boom and weak when there is fiscal crisis (Schwarz, 2008, p.599). According to him, the nature, foundation, legitimacy and durability of contemporary Arab states is predicated on the availability of the hydrocarbon resources and not democratic institutions. Thus he suggests that, "lack of development, lack of economic growth, unequal wealth distribution and political inequalities are all secondary effects of rent-driven state-formation" in the Arab world (Schwarz, 2008, pp.599-600). He observes further that, most Arab states in the late 1980s fit the description of a rentier state in all its forms especially when faced with fiscal crisis. For instance, in response to revenue shortages, the state re-calibrates its welfare functions, re-examines the 'no taxation, no representation' mantra with its citizens, and ultimately widens the scope of its political legitimacy, thereby affecting its representation functions. However, this transition risks triggering violent response that could finally jeopardise the very existence and viability of the state itself (Schwarz, 2008, p.601). Schwarz further emphasises that, in the rentier states of the

Arab world, political legitimacy and support are bought with the axiom of ‘no taxation, hence no representation’ and the state remains stable provided both the citizens and the rulers abide by this strange unorthodox “social contract between state and society, through which political rights are substituted for state-provided welfare”. Therefore, anytime citizens lose confidence and trust in the capacity of the state and its institutions to fulfil their part of the obligation, compliance to the status quo is severely undermined. When this situation arises, the self-serving elites resort to predatory and repressive tactics to enforce compliance to the state and deter any conceivable threat against it (Schwarz, 2008, pp. 607). However by all accounts, Ghana under the Fourth Republic cannot be said to be a rentier state and therefore Schwarz’s (2008) discussions cannot appropriately fit into my investigation of the relationship between democratic elections and fiscal policy management. Rentier states cannot ensure any sustained efficient management of fiscal policy and public finances for development and the creation of good living conditions for citizens, which is at the heart of my study. Sound fiscal management may only become attainable in well-functioning states with well-trained and managerially competent bureaucracy supported by patriotic and visionary political leadership. It must be emphasised that large fiscal deficits, which may impede effective macro-economic management, can only be curbed once the apparatuses of the state are manned by competent bureaucrats and policymakers, a situation which is non-existent in all rentier states across the world. However, my study will interrogate the competence of the Ghanaian state in dealing with the perennial fiscal challenges during and after elections. In this case, issues such as those relating to development, economic growth and equity in resource distribution highlighted by Schwarz (2008) will provide appropriate framework for my discussions and analysis.

Collier (2010) and Munck, (2001), discuss varied viewpoints on the functions of the state in managing public finances and other resources. Collier (2010) explains that, the core functions of the state and its institutions is the prudent management of society's financial and other resources for the growth of the economy and for the betterment of its citizens. The study offers important appreciation into the behaviour of the state, and its elites in managing state resources during elections. Thus, the ruling class in charge of the key apparatuses of the state and the management of the economy has a duty to judiciously expend public resources in the provision of public goods for the citizens. Fundamental in this regard is security and accountability without which the developmental efforts of the state would be hampered and governance would then be dependent on the whims of the personal ruler (Collier, 2010). However, he suggests that, the presence of extractive resources can disable the state from performing these important functions. In his view, for the state to perform its roles diligently, it needs a guaranteed source of revenue (Collier, 2010). His proposal reinforces the pre-eminence of tax revenue in governance. But, he further points out that, adequate tax revenue needs efficient state institutions and strong fiscal capacity. Thus, an effective state requires strong institutions to guarantee its capacity (Collier, 2010, pp.1106-1107). According to him, economic development is undermined if the state is not effective. The resultant economic stagnation could serve as a catalyst to further destabilise the state. Consequently, mismanagement of natural resources is a precursor to state collapse in most African states. As in the case of both Liberia and Uganda, during arm conflicts, the export of these primary commodities could serve as a major opportunity for rebel predation and the resources accumulated could be used in funding the escalation of the conflict. Political elites who capture the resource-rich state are often unaccountable to their citizens, occasionally provoking armed resistance that further weakens the capacity and function of the state (Collier, 2010,

pp.1109-1112). Collier further observes that, in the 1990s, scores of failing states have embarked on the route towards democratic election as an effective antidote towards ensuring both political and economic accountability for the citizens. While the frequency of elections has provided some semblance of democratic accountability, in many countries incumbents deliberately implement bad policies for short-term electoral gains at the expense of good policies whose impact on the economy and larger society would be long-term (Collier, 2010, pp.1112-1113). The irony inherent in Collier's (2010) postulates is manifested in the failure of democratic elections in many states to guarantee economic accountability and development for the state and the citizens. Fiscal and macro-economic consolidation policies have faced tremendous challenges during election periods in many countries, especially in Africa. The results have been the rise in inflation rate, declining economic growth, unsustainable public debt and deficit levels, and rising poverty. These issues are the crux of my study. Munck (2001), on the other hand focuses on the interaction between the state and the neo-liberal world economic order. He recounts an unprecedented outburst of economic crisis in Argentina that morphed into wider social and political predicament which threatened the survival of the state in the twilight of 2001. An unprecedented debt default of US\$155 billion and the accompanying social and political upheavals pushed the Argentinian state down from its promising tenth ranked economy at the beginning of the twentieth century to a state that was gasping for oxygen to survive. Globalisation, promoted by the activities of forces and institutions such as the International Monetary Fund (IMF) and World Bank, other multilateral and bilateral lending organisations, Western nations and foreign investors received the lion's share of the blame for bringing the Argentinian state to its knees. Munk questions the credibility and long-term viability of both the IMF and the neo-liberal economic architecture that fatally hijacked the purpose of the national

economy away from the supreme interest of its citizens and surrendered it to foreign investors and actors (Munk, 2001, p. 67). It is worth mentioning that while Collier (2010) elaborates on the domestic constraints of economic and fiscal management, Munk (2001) deliberates on the influences of external actors and financial institutions on the economies of various countries. The IMF, the World Bank and other bilateral and multilateral lending institutions have since time immemorial forged a certain partnership with the Ghanaian state and some of its financial institutions. This study will examine the impact of those partnerships not only on fiscal management but also on the well-being of the citizenry.

2.3 The State in Africa

Edigheji (2010), Mkandawire (2010) and Edigheji (2004) evaluate the role of the state in Africa's development. Edigheji (2010) surmises that constructing a developmental, democratic and socialist state is prerequisite for tackling the developmental challenges facing the continent. This state must have the capacity, the efficiency and the zeal to intervene in the economy to solve the perennial problems of unemployment, poverty and inequality, as well as better the living conditions of the citizens (Edigheji, 2010, p.1). These goals can be achieved by deliberate policies, actions and decisions by the government to ensure sustained, inclusive, broad-based and multi-dimensional economic growth for the benefit of all the citizens including the poor, the marginalised and the excluded (Edigheji, 2010, pp.1-3). Again, there is the need in this regard for building strong governance institutions to achieve the various objectives of the developmental state (Edigheji, 2010). However, Mkandawire (2010) postulates that, a raft of economic reforms through the Bretton Woods institutions in the 1980s and 1990s have failed to produce a

developmental state. Rather, they produced anaemic regulatory states with weak economic and political institutions. These institutions lacked the capacity to confront the major challenges that faced the continent including unemployment, poverty and underdevelopment (Mkandawire, 2010). He therefore argues for the need to move beyond the ‘regulatory state’ produced by these reforms towards a developmental democratic state (Mkandawire, 2010). Furthermore, in his analysis of African elections, Edigheji (2004) suggests that, the continent’s abysmal performance in socio-economic development is directly related to the institutional weakness and character of the African state since independence. According to him, fragile institutions and structures in the post-independent Africa have disembodied and incapacitated the state from mobilising the society for social and economic transformation. Consequently, the state is unable to improve the welfare of its citizens, attract private investment and become competitive globally (Edigheji, 2004, pp. 84-95). These scholars have failed to expatiate on the specific roles of key financial and political institutions in managing fiscal policy and public finances which is central to my study. Under the Fourth Republican Constitution of Ghana, various political, economic and financial institutions have been mandated by both the constitution and the laws of Ghana to provide direction in relation to fiscal policy management within the state. These institutions include the Executive (i.e. the President and his Cabinet), the Parliament of Ghana, the Ministry of Finance and Economic Planning (MOFEP), the Ghana Revenue Authority (GRA), the Bank of Ghana (BoG), the National Development Planning Commission (NDPC), the Controller and Accountant General’s Department (CAGD), the Audit-Service, the Ministries, Departments and Agencies (MDAs), among others. This study will appraise the respective roles of these state institutions in its analysis of the relationship between democratic elections and fiscal policy management.

Frimpong-Ansah (1991), traces Ghana's economic predicament to the state-centric approach of President Nkrumah after independence. He argues that, Ghana's economy went into precipitous decline from 1961 to 1983. According to him, the state-centric approach of Nkrumah where executive power was concentrated in the hands of the President was to blame for the state's economic malaise in the decades after independence. This system encouraged personalised rule where party supporters enjoyed state patronage, and political competition, which is a fundamental prerequisite for democratic rule was virtually absent (p.97). Consequently, poor economic performance coupled with political instability characterised almost all the regimes that followed after Nkrumah until 1983 when the state embraced the neo-liberal economic reforms which turned the economy around (Frimpong-Ansah, 1991, pp.98-114). According to him, one symptom of the economic decline after independence was the stagnant agricultural sector, where the use of simple tools and implement was widespread. Thus, despite increases in population, agricultural output remained unchanged in the early 1960s. For instance, food production "increased at only 0.28 per cent per annum against a population increase of 2.6 per cent" (p.94). Added to this was the problem of urbanisation, where energetic youth from the ages of 20-29 were migrating to the cities, leaving behind the aged whose productivity was marginal and insignificant. The problem of the stagnating agricultural sector spilled into the macro-economy. Consequently, by 1982, fiscal policy in Ghana "had completely collapsed" and the state's revenue base stood at "a mere 5.6 per cent of GDP (compared with 20-25 in other West African states)" (p.95). Again, imports have declined to 3 per cent and after 1975, the imbalance in the external sector had aggravated than any time since independence. Moreover, by 1982, inflation had jumped to 123 per cent as a result of almost two decades of inflationary pressures. While Frimpong-Ansah (1991) offers a comprehensive assessment of fiscal policy issues and problems

in Ghana, his analysis centres largely on periods before the 1992 elections and democratic transition. My study will therefore address fiscal policy management issues from 1992 to 2016.

Thies (2009), discusses the political economy of state predation in Africa. He points out that, the state usually plays protective roles and also provides justice to its citizens in exchange for the extraction of revenue. According to him, revenues and other resources extracted by the state are analogous to “food” in a traditional predator-prey model. He stresses that, the state as predator does not turn its citizens into prey for consumption. It rather consumes the resources of the citizens and the general population. He argues that, rents from natural resources are the main cause of corrupt state institutions, poor economic growth, bad governance, budgetary mismanagement, and a variety of other factors commonly subsumed under the heading of the “resource curse.” He further explains that, natural resource rents are directed principally towards funding the security of the state in palpable attempts to stave-off potential rivals who may be drawing upon the same resources to mount their challenge against the state and its rulers. Thus, he theorises that, resource rents provide the substance upon which many patronage systems are organised, undermining democratic and economic development in Africa. In his opinion, abundant natural resources financially strengthen the hands of rulers and dissuade them from broadening the tax base of their nations and also diversifying the national economy. In such situations, he suggests, resource rents finance repressive security apparatuses and reward individuals and groups that support the ruler in a manner that is often regarded as neo-patrimonial. He affirms that, countries which depend on natural resources such as oil and diamond therefore tend to have predatory governments serving sectional interests thereby provoking the likelihood of armed resistance against the state and the ruling class (Thies, 2009, pp.467-476). It must be emphasised that, Ghana under the Fourth Republic cannot be described

as a predatory state. However, Thies' thesis of state predation has remarkable relevance to the study of elections and fiscal management in Ghana since the democratic transition of 1992. The author pins the blame of structural weaknesses and eventual collapse of some states, especially in Africa on economic mismanagement. Ineffective and sloppy macro-economic and fiscal management by self-serving political elites are important component of various discussions of this study that aims at unearthing the convergence of politics and economics in Ghana since the inception of democratic rule in 1992. The study will therefore build on the various assumptions of Thies (2009) in examining the relationship between democratic elections and fiscal policy management in Ghana's Fourth Republic.

Aiyede (2009), Fadahunsi (1979) and Agbiboa (2012) hypothesise on the administrative, institutional and managerial competence of both the state and the political class vis-à-vis the affairs of the economy. Aiyede (2009), centres his postulates on the institutional and political foundations of the distributive nature of the Nigerian state. The study identifies how corrupt and incompetent political leaders emasculate the norms of governance and character of state-society relations, thereby sustaining predatory rule and undermining the developmental objectives of the state (Aiyede, 2009, p. 249). According to him for instance, at independence, the agricultural sector characterised by the production of cocoa, cotton, rubber and ground nut was the backbone of the Nigerian economy, accounting for 64.1 per cent of national output in 1960. While the hydrocarbon sector had become the fastest growing sector of the economy, it represented less than 15 per cent of national output, until 1966. But in 1970, revenue from the oil and gas sector accounted for a whopping 58.01 per cent of total exports. Again, an extraordinary 13 per cent growth rate of this sector from 1986 to 1992 ensured that oil and gas would account for "over 90 per cent of foreign exchange, 70 per cent of budgetary revenue, and 25 per cent of gross

domestic product (GDP),” fatally pushing the agricultural sector to the periphery of the national economy despite various interventions by the Nigerian state to reverse the situation (Uche & Uche, 2004, as cited in Aiyede, 2009, p. 254). Since then, the entire Nigerian economy has remained heavily dependent on oil and gas with disastrous consequences to the Nigerian state as a huge chunk of these resources are salted away by the corrupt political elites (Aiyede, 2009, p. 254). In his assessment, as a result, Nigeria’s developmental efforts have reversed and by the end of the 20th century, the Nigerian state has become one of the most debt-ridden countries in the continent with a dismal record of economic growth and development. The oil sector has transformed the Nigerian economy into a “mono-mineral economy, the state into a rentier state”, the population into consumers rather than producers, and the predatory political elites have opportunistically found an easy prey for selfish accumulation and consumption (Aiyede, 2009, p. 254). The author further makes elaborate postulates on the apparent incompetence and corruption of the Nigerian ruling elites leading to the weakening of the state’s institutional structure. As a result, despite the torrent of resources available, the Nigerian state has failed to effectively manage its public finances for the well-being of its citizens. Contrary to Aiyede’s (2009) portrayal of Nigeria, Ghana at this stage of its development may not be considered as a rentier state. However, some administrative and institutional maladies that create sporadic macro-economic and fiscal crisis are important issues of discussion in my study. Again, the recent discovery and commercial production of hydrocarbons in Ghana offer an important opportunity to test some of the assumptions of Aiyede (2009) in relation to the experiences of Ghana. On the other hand, Fadahunsi (1979) also diagnoses the roots of the unending malaise of the Nigerian economy and the implications on the state. He points out that, despite decades of attempt at rapid industrialisation, post-independent Nigeria still remains a state which cannot

feed itself and therefore cannot be regarded as self-reliant in any meaningful sense (Obasanjo, 1979, as cited in Fadahunsi, 1979, p.106). The economy still shows symptoms of a dependent neo-colonial economy. The faltering manufacturing sector constituted just a paltry 8 per cent of GDP in 1978 and the sector is dominated by low technology consumer industries churning out food, beverages, tobacco and textiles in their raw forms without any value addition. Conspicuously absent in the activities of the sector are the more critical metallurgical and engineering industries. Agricultural exports have stagnated and the economy is under the curse of oil revenue. He suggests that Nigeria, like most floundering states in the developing world mirrors the interest of the political elites. Corruption, fiscal mismanagement and other factors have coalesced to incapacitate the dominant elites and policymakers from developing a resilient national economy (Fadahunsi, 1979, pp. 106-107). Similarly, Agbibo (2012) hypothesises on the connection between corruption, fiscal mismanagement and underdevelopment, providing empirical evidence to support his claim that corruption is to blame for the inadequacies and low performance of the Nigerian state and its economy. He postulates that, despite its status as the world's eighth largest oil producer, Nigeria still falls within the category of countries that can be classified as poor. About 70 per cent of the population lives on less than US\$1 per day, life expectancy stands at as low as 47 years, infrastructure has almost decayed with economy precariously dependent on oil which accounts for over 95 per cent of foreign exchange earnings. He claims that, the political elites use various means to capture the Nigeria state and use its redistributive apparatuses to plunder what remains of the nation's resources at the expense of the ordinary citizens while erecting entry barriers to debar competing political forces from launching incursions to capture the state and its power (Mbaku, 2000, p. 37, as cited in Agbibo 2012, p.355). In this regard, incumbent governments use legislation to monopolise the political space

and resources while shirking their responsibility of ensuring that the Nigerian citizens are provided with adequate security and public goods. On the contrary, the state is privatised and turned into an instrument of private accumulation activities by the predatory elites (Agbiboa, 2012). It is thus evident that, effective fiscal management is unachievable in an atmosphere of elites' accumulations and predation as highlighted by both Fadahunsi (1979) and Agbiboa (2012). This is more pronounced if the state is dependent on the proceeds of some few natural resources such as oil and gas. However, unlike Nigeria, Ghana's hydrocarbon resources were discovered just over a decade ago. Thus, my study will assess how the political class and their policymakers distribute the proceeds of Ghana's oil and gas resources as they manage the nation's fiscal policy. The study will examine whether the proceeds from the hydrocarbon resources have been utilised or invested in areas that will benefit the state and its citizens.

Amuwo (2009) provides interesting prognosis of the ills of a typical sub-Saharan African state and its struggle with the convergence of globalisation, neo-liberal market reforms, liberal democracy and kleptocratic military and civilian elites at one place. His thesis critically centres on the "structural and empirical" examination of the boundary between the politics and the economics of democratic elections in the post-military Nigerian state. Although the insight he offers mirrors the Nigerian state, many of the assumptions bear a resemblance to the Ghanaian experiences, particularly regarding the conduct of democratic elections in the Fourth Republic and the deleterious influence of the neo-liberal global economic and political order. According to him, the gradual incursion of economic globalisation and market forces have diluted the influence of the state and rendered political elites and policymakers incapable of halting the increasing alienation of the masses from politics. The dominance of the multinationals within the boundaries of the Nigerian state combined with the abuse of the resources from the oil industry

by the political class have turned both Nigerian democracy and its accompanying elections into an exercise in political redemption (Amuwo, 2009, p.37). According to him, several scholars have provided sufficient empirical evidence of the relationship between wealth and democracy; and therefore Nigeria is one state where there is abundance of cases to support this view especially in the era of neo-liberal market reforms. Consequently, proceeds from privatised public assets are deployed unashamedly in both intra and inter-party political contests demeaning the very essence of democracy and elections in particular. Citizens are further alienated as the crisis of democracy deepens and the democratic institutions and elected leaders suffer from legitimacy deficits. The ultimate consequence is continuous slide of the state further into military dictatorship and authoritarianism (Amuwo, 2009, pp.37-38). Again, politics hopelessly becomes completely mired in corruption, military and civilian elites compete for the spoils of the state; election is reduced to a “winner-takes-all” exercise and the country plunges deep into the arena of a rentier state (Amuwo, 2009, pp. 37-38). In Ghana, despite almost two and half decades of liberal democracy and market reforms, the Ghanaian economy is still in the doldrums and constantly battered by intermittent fiscal crisis. Thus, Amuwo’s (2009) work on the convergence of neo-liberal economic order, liberal democracy and corrupt elites will be complemented by my study on democratic elections and fiscal management. The study will also assess the impact of financial support from foreign financial institutions on fiscal policy management in Ghana since the transition to democracy in 1992.

2.4 Democracy

Imai (2010) and Ishikawa (2002), investigate the impact of globalisation and internationalisation of economies on democracy and economic advancement across the world. Imai (2010) claims that, states may not be able to control significant flows of capital and information across their borders and therefore various transnational actors such as multinational corporations, the World Bank and the IMF constrain the autonomy of states and erode their political and economic authority. He further suggests that, unbridled economic globalisation constrains the efforts of states to maintain strong centralised control. He adds however that, this does not necessarily mean that economic globalisation automatically weakens the ability of all states to exert control over their economy, arguing that integration into the global economy may have varied implications for the economies and politics of both industrialised and developing countries. Advanced countries may exercise greater control over their capital than LDCs, and therefore are better able to deal with the impact of global economic changes than LDCs. He concludes that, the impact of globalisation on democratisation also varies greatly between states, depending on the level of their economic capabilities as well as the extent of the integration of their national economies (Imai, 2010, pp. 52-70). In sum, this study argues that developing nations are disadvantaged within the international globalised economy and therefore state institutions that serve as vanguard for democratic evolution are undermined and weakened. Imai (2010) directs our attention to the international dimensions of economic development in Ghana and the role of such institutions as the Bretton Woods institutions on macro-economic management. My study will thus evaluate the influence of some of these foreign financial institutions on fiscal policy management in Ghana during elections. On his part, Ishikawa (2002) argues that, in the post-Cold War era, America is exclusively the de facto paragon of democracy, surpassing potential

rivals such as those in Europe in both politics and economics. The triumph of democracy and the market economy across the world means the triumph of American values. According to him, the emergence of computer-based technology backed by the age of internet has raised democracy to the pantheon of political practice in the history of humanity. Humanity now has untrammelled opportunities to express opinion on public issues freely through the internet allowing people to temporarily free themselves from the shackles of existing power structures. It has further opened the frontiers of free speech thereby advancing democracy, democratic values and market economy (Ishikawa, 2002, pp.331-341). Ishikawa's (2002) assumptions on the impact of globalisation resonate with Ghana's economy and politics just as other countries within the international community. Thus, the economic and political hegemony of the United States, the sole global superpower, may affect both Ghana's democracy and fiscal policy management. Again, other economic forces of globalisation may also weaken the ability of the Ghanaian state to resist any foreign-imposed economic and fiscal policies, even if they are inimical to the interest and long-term aspirations of the citizens. Thus, the Ghanaian state may become economically and fiscally subservient and captive to the whims of the global economic and political order. This passivity of the state can affect its ability to deliver on its economic mandate, thus aggravating incidence of poverty and exclusion among the larger population. My study will further build on some of these propositions within the context of Ishikawa's (2002) postulates.

Alexander and Welzel (2001) and Sklar (1983), appraise democracy in terms of social and economic empowerment of the ordinary people. The two studies however, express antithetical views on the issue. Alexander and Welzel (2001) measure democracy in terms of human empowerment. Their study latches on the essence of economic development in the sustenance of

democracy and democratic norms. The authors identify people's power as the building block of democracy. According to them, democracy in simple terms means 'government by the people,' which connotes empowered people who are able to govern themselves and take their political and economic destinies into their own hands. But to them, for democracy to fully empower the people to be able to manage their own affairs, there must be certain socio-economic conditions. Fundamental among these conditions are economic resources and equity in their distribution. Thus, high levels of economic development increase people's participatory resources, such as income and skills, making them more capable to practice popular rights within the democratic political system (Alexander & Welzel, 2001, pp.271-282). While concurring with the postulates of Alexander and Welzel (2001) on the necessities of social and economic empowerment of the citizens in any democracy, Sklar (1983) suggests that, many countries particularly in Africa have failed to fulfil these important obligations. Sklar (1983) opines that, despite some dramatic expeditions into liberal democracy by African states, and despite the fact that political leaders have openly committed themselves to socio-economic development and political accountability; millions of African citizens are still struggling under the stranglehold of poverty, unemployment, malnutrition, preventable diseases and illnesses, and illiteracy (Sklar, 1983, p.11). For example, liberal democracy in Africa's populous nation, Nigeria, is dangerously hampered by the devastating impact of widespread economic and social malaise. In Nigeria, a tiny minority of the national population is privileged and controls state wealth while the vast majority wallows in abject poverty. Corrupt officials collude with unscrupulous businessmen to plunder and fritter Nigeria's wealth and resources in the face of appalling and dehumanising poverty among majority of the population. Consequently, many moral crusaders have often condemned the 'unholy' alliance between corrupt and unaccountable state elites and devious businessmen to

wantonly plunder and waste the country's wealth and resources (Sklar, 1983, p. 13). Intellectuals have also renounced democracy and argued for a developmental dictatorship to remedy the situation (Sklar, 1983). Although both Alexander and Welzel (2001) and Sklar (1983), have highlighted the relationship between democracy and development, their studies are silent on issues relating to elections and fiscal policy management. My study will add this important dimension to the literature.

Fatton Jr. (1990) on the other hand, recounts the monumental failure of developmental dictatorships on the continent. He argues that, these dictatorships have been unable to achieve the economic and political tasks they had set for themselves. Instead, they fomented ethnic favouritism and cleavages; promote corruption, injustice, economic and material stagnation and other divisive tendencies that in the long-run set the stage for state collapse. The failure of developmental dictatorship opens the gate for liberal democracy in Africa. He argues that, as a result of colonialism, democracy in Africa lacks a solid institutional foundation. Consequently, the post-independent political elites are constrained in their efforts to comply with the tenets of liberal democracy and its institutional structures. Hence, democracy in Africa has become "shaky, hesitant, and ultimately short-lived" paving the way for patrimonialism and neo-patrimonialism (Fatton Jr., 1990, pp.455-460). Contrary to Fatton Jr.'s (1990) claims, since 1992 Ghana's democracy has been flourishing. My study will thus examine how democratic institutions and processes, particularly in the so-called "third wave," have affected fiscal management in Ghana's Fourth Republic and whether there has been improvement in the socio-economic life of Ghanaian citizens.

Dowden (1993) and Chabal (1998), evaluate the effects of global economic and political architecture on the economies of African countries and their democracies. Dowden (1993)

assesses the impact of Western-inspired economic reforms on Africa's democratisation efforts. He explores the linkage between democracy and such economic reforms especially in the 1980s. He explains that, African states were on their knees at that time and deeply steeped in economic decline as a result of falling commodity prices. According to him, desperate for a lasting solution for the economic crisis, many African countries turned to the Bretton Woods institutions which dictated economic reform policies that enabled them to take power and resources away from the state. As a result of the pain caused by those policies on ordinary people, especially the urban wage earners and the poor, there were mass protests and a clamour for change of government through democratic elections. The death knell of the authoritarian state in Africa was sounded by the decision of the Western powers led by the US to tie foreign-aid to progress towards democratic accountability and market-oriented reforms (Dowden, 1993, pp. 609-610). Consequently, many countries in Africa including Ghana were compelled to embrace democracy and neo-liberal economic policies in the 1990s under the so-called Third Wave of democratisation. In Ghana, the 1992 Constitution ushered in the Fourth Republic and to date, democratic system of governance is steadily gaining roots in the country. However, what is not clear from Dowden's (1993) argument is whether this democratic achievement under the Fourth Republic has correspondently resulted in effective and efficient management of public finances for the development of the state and the reduction of poverty among ordinary Ghanaians. On the other hand, Chabal (1998) argues that, democratic transition in Africa in the 1990s was precipitated by internal political forces and dynamics ably backed by external pressures, mostly from the international financial institutions and foreign governments. He postulates that, Africa's economic crisis and governance are rooted fundamentally in its failing economies which were heavily dependent on the global economy. African states and their governments are therefore

handicapped in fighting poverty and ensuring the economic well-being and survival of their citizens. Internal discontent which grew as a result of such failure was met with state-sponsored repressive measures leading to a dangerous cycle of violence. The resultant neo-patrimonial rule faced immense pressure from the subjugated people who clamoured for more political accountability, greater human rights and other democratic values. He suggests that, essentially multi-party democracy was inspired by the transformation of the global political and economic systems that occurred in the 1980s. The thrust of Chabal's (1998) argument is that, the desperation of African governments to find a lasting antidote to the escalating economic crisis of the 1970s and early 1980s opened the way for the economic and political reforms of the 1980s and 1990s. Thus, the implementation of the Economic Recovery Programme (ERP) and the Structural Adjustment Programmes (SAP) became the only route to financial and economic assistance for the debt-ridden African countries. The Bretton Woods institutions tied political liberalisation to the implementation of SAP, forcing many African countries to embrace democracy and the market economy (Chabal, 1998, pp.291-294). In the case of Ghana, the inception of democratic rule in 1992, the general elections in the same year, followed by the political transition of 1993 were not unrelated to the bigger geopolitical happenings across the world in the late 1980s and early 1990s. What is however of utmost importance to my study is how the new-found freedom of democratic choice interacts with the Western-inspired economic policies such as the Structural Adjustment Programme (SAP), Economic Recovery Programme (ERP), Highly Indebted Poor Country (HIPC) initiative, Poverty Reduction and Growth Facility (PRGF) and Extended Credit Facility (ECF) to safeguard the welfare of the citizens and the economic development of the Ghanaian state.

Adejumobi (2000) appraises African elections. He claims that, elections constitute an important aspect of liberal democracy. However, in Africa both the structure and process of elections have been perverted mostly by the elites desirous of clinging on to power by whatever means. This has resulted in the preponderance of personalised rule and other forms of authoritarianism. The perversion of elections in many African states takes the form rigging, brigandage and violence. Thus, instead of consolidating democracy, elections produce a shadow of democracy (Adejumobi, 2000, p. 59). He argues further that, post-colonial politics within the continent was constructed on the logic of neo-patrimonialism, in which not only public offices and state rents were appropriated, but also the state and its apparatuses were manipulated to serve as the focus of capital accumulation and the pivot of social control by the elites (Adejumobi, 1998, pp. 125-145 as cited in Adejumobi 2000 p. 63). He asserts that, the method of doing politics “was therefore not to live for it, but to live from it” and so, elected civilian leaders, violently repress their people, brazenly squander public resources and unashamedly rig elections (Adejumobi, 2000, pp. 63-64). While Adejumobi (2000) pins the blame of Africa’s crisis of governance on the behaviour of the kleptocratic political elites who pervert the democratic process, the study is silent on how those issues affect economic stability and sound public financial management within the state. Consequently, my study will assess Ghana’s elections, especially since the so-called Third wave of democratisation from 1992 in relation to macro-economic and fiscal policy management.

In their assessment of elections, Cowen and Laakso (1997) affirm that, no study of African elections can be complete without an analysis of the extent and implications of corruption and other financial inducement. They point out that, in many instances in Africa, voters have recounted memories of hand-outs received from (incumbent) candidates and their agents to the

detriment of the nation's economy. Consequently, any analysis of political business cycles should include monetary as well as fiscal policy management (Cowen & Laakso, 1997, pp.737-738). My work does not intend to look into the issues of vote-buying and other election-related corrupt practices highlighted by Cowen and Laakso (1997). However, the study will examine issues relating to fiscal policy manipulations by incumbent Ghanaian governments within the context of the political business cycle (PBC) theory.

Roberts and Legg, (1991) highlight the use of appropriate fiscal and monetary instruments to create conditions that would secure the electoral success of the political class (Roberts & Legg, 1991). Culpable incumbents often disregard the laid down budgetary processes and the best practices of economic management. At the end, the economy suffers, living conditions of citizens are affected and the state is put into precarious fiscal situation. In many instances, it becomes like a ritual in which every four years, fiscal consolidation often supported by international financial institutions would have to be undertaken in order to restore the macro-economy and public finances back to soundness. Ghana's elections since 1992 seem to be following this trajectory and my study will examine some of these issues in relation to the Fourth Republic.

Reynolds (2009), Collier and Vicente (2012), shed light on the corruption and perversion of the democratic processes in some parts of the world especially in Africa. Reynolds (2009) argues that, while elections are the bedrock of any democracy, crafting the appropriate electoral systems is one of the key factors shaping democratisation and political conflict on the continent. He points out that, when elections are ethnicised, flawed or tainted with corrupt and manipulative practices, the likelihood of political violence is high and the resulting governance is worse than it would have been if elections did not have to determine the government at all (Reynolds, 2009).

Reynolds' essay exposes the fragility of any electoral system that is tainted by manipulative practices, including financial inducements. Ghana's democracy under the Fourth Republic has been able to overcome several challenges in the past two and half decades and therefore cannot be said to be fragile. However, what is in doubt is whether the economic benefits of the democratic process have been fairly and evenly distributed by the state to its citizens. Consequently, the focus of my study is to identify the causes of the continuous fiscal crisis, pervasive poverty and low standard of living of Ghanaian citizens despite over two decades of democratic rule. Collier and Vicente (2012), on the other hand postulate that, the political class employs tactics such as voter intimidation, vote-buying, and ballot fraud in elections in Sub-Saharan Africa. They hypothesise that, there are two different types of base voters; hard-core and soft base supporters. According to them, soft base supporters, unlike their hard-core counterparts, disapprove of violence. Therefore, any politician who relies on soft base voters cannot hope to have substantial support at the polls by running a violent campaign. Nonetheless, violent intimidation before and during elections can be useful for candidates. Violence is effective for both the incumbent and his/her challenger, in intimidating soft base voters into not voting, thereby cutting down the size of their opponent's votes (Collier & Vicente, 2012, pp.118-135). In contrast to Reynolds' (2009) thesis, Collier and Vicente (2012) highlight other forms of election manipulations in Africa apart from economic and financial inducement of voters. However, their study fails to highlight issues relating to economic and fiscal management which are the focus of this study.

Przeworski and Benhabib (2006) posit that, in any democratic state, if the redistribution of resources is excessively skewed in favour of the rich, there is the likelihood that the poor may turn against democracy and impose their own dictatorship. Thus, for the long-term sustenance of

democracy, state resources must be redistributed simultaneously to satisfy both the poor and the wealthy. They further conjecture that, while democracy usually survives in wealthy societies, in poor and unequal states paucity of fair wealth redistributive mechanisms constrain democratic advancement (Przeworski, & Benhabib, 2006, pp. 271). Thus, according to them there is sufficient evidence to support the assertion that, if resource distribution is deemed inadequate by the poor or excessive for the rich, one of these two groups may mount resistance against democracy (Przeworski, & Benhabib, 2006, p. 272). The major plank of my study is the investigation of the interaction between democratic elections and fiscal policy management in Ghana under the Fourth Republic. Resource distribution is at the heart of the concept of fiscal management and therefore the study will complement the work of Przeworski and Benhabib (2006).

Radcliff and Pacek (1995) focus on the relationship between economic condition and voting behaviour in democratic states. They conclude that, there is ample evidence to support the hypothesis that short-term macro-economic fluctuations affect electoral outcomes at least in the advanced industrialised countries (Radcliff & Pacek, 1995, p.745). However, they argue that little evidence has been provided by scholars to back the applicability of this hypothesis to the experiences of developing countries. My study will further examine these issues in relation to the experiences of Ghana, particularly in this third wave of democratisation.

2.5 Democratic Elections and PBC

Scholars such as MacRae (1977), Smyth, Dua and Taylor (1994), Renshaw and Trahan (1991), Monroe (1983), Sieg and Batool (2012), Sen and Vaidya (1996), Amacher and Boyes (1982),

Price (1997), Golden and Poterba (1980), Clark, Reichert, Lomas and Parker (1998), Klompa and Haanb (2013), Alesina and Sachs (1988), use the theory of political business cycle (PBC) and related models and concepts to explain the relationship between democratic elections and the macro-economy, particularly fiscal policy management. MacRae (1977), hypothesises on myopic electorate and vote-maximising incumbents in the United States during four presidential election periods from 1957 to 1972. Using inflation and unemployment data, the study investigates for evidence on whether or not incumbents perceived the electorate as myopic when formulating and implementing economic policies during election periods (MacRae, 1977, p. 239). The study finds that, incumbents believed the electorate vote myopically by considering only short-term economic and social issues. However, in some instances, voters can also act rationally by looking at the economic and social implications of their voting behaviour (MacRae, 1977, p. 239-362). Similarly, Smyth, Dua and Taylor's (1994) model also rejects the assumption that in a democracy voters are forward-looking and therefore cannot be manipulated for electoral advantage as suggested by scholars such as McCallum (1978) (Smyth, Dua & Taylor 1994, p.283). The forward-looking hypothesis argues that, when assessing the performance of incumbent president during election times, voters would put into consideration the future performance of the economy vis-à-vis inflation rate and unemployment and not the short-term macro-economic gains that may be used as bait for their political support (Smyth, Dua & Taylor, 1994). In addition, they would use the past performance of the government as a guide in taking electoral decisions at the polls and therefore there is the likelihood that the party with good economic and fiscal management record will be elected. However, using their model, Smyth, Dua and Taylor (1994) reject this hypothesis and offer evidence that "refutes the argument that it is impossible for politicians to generate a vote-gaining political business cycle because of

forward-looking voter” (Smyth, Dua & Taylor, 1994, p.291). Thus, they support the idea that voters are always susceptible to incumbent’s manipulation of the economy during elections and there is always an electoral reward for that manipulation. While the assumptions of these studies relate to advanced countries, my study on democratic elections and fiscal policy management will investigate the nature and impact of economic and fiscal policy manipulation by incumbent Ghanaian governments on voters since the inception of democratic rule in 1992. The study will nonetheless test some of the assumptions of these authors vis-à-vis Ghana’s electoral cycle from 1992 to 2016.

Moreover, Renshaw and Trahan (1991) just as Smyth, Dua and Taylor (1994), highlight the arguments of Nordhaus (1975) and MacRae (1977), on political business cycle that define the estimated level of inflation rate that may be required within the economy to maximise the electoral chances of the incumbent at the polls (Renshaw & Trahan, 1991, p.95). They further discuss the trade-off between inflation and unemployment. According to them, if incumbent government’s economic policies are able to meet the electorate’s preferred rate of inflation, then he has a better chance of winning the elections “for any possible variation in the unemployment rate” (Renshaw & Trahan, 1991, p.95). Even though my study does not seek to discuss the trade-off between inflation and unemployment rates during elections, it will provide evidence on the impact of the relationship between democratic elections and fiscal policy management on some macro-economic variable such as inflation, fiscal deficit, unemployment, public debt and economic growth. Additionally, Monroe (1983), using data from the United States government expenditures and money supply from 1948 through early 1978, also rejects the basic assumptions underlying the theory of political business cycle (PBC) that incumbent governments manipulate the economy for electoral advantage. His findings show little evidence of political manipulation

by incumbents for purposes of re-election. He argues that, PBC significantly exaggerates the incumbent government's ability to control the economy to the extent that economic expansion occurs before elections while economic contraction follows just after (Monroe, 1983, pp.37-41). Although he admits that, incumbents may have some power to influence the economy; their ability to totally control it for the purposes of re-election is constrained by both external and internal forces, including constitutional, legal and political factors (Monroe, 1983, p.41). Ideological issues and incumbent's relationship with law-making institution or any other independent legislative or judicial body may also determine its economic policies during elections (Monroe, 1983, p.46). According to him, another constraint on the executive arm of the state in manipulating the economy is the independent central bank, which may formulate and implement autonomous monetary policy within the state. Economic conditions may also fluctuate, pushing important variables such as inflation, unemployment and income out of the control of the central government (Monroe, 1983, p.41). Besides, external shocks such as global economic recession (or depression), oil crisis or "gold fever may impose serious limitations on incumbents' ability to manipulate the economy" for political and electoral advantage (Monroe, 1983, p.46). Monroe (1983) further argues that, the problem with the PBC is its insistence that voters are myopic and therefore cannot recognise the manipulative tendencies of incumbents during elections (Monroe, 1983, p.41). He concludes that, this may not always be the case. In complementing these studies, my work will attempt to unearth the nature of Ghanaian voters based on their voting behaviour. In doing so, it will try to find answers on whether they are susceptible to incumbents' manipulation of fiscal policy during elections in the Fourth Republic. Furthermore, Sieg and Batool (2012) and Sen and Vaidya (1996), discuss the linkage between elections and economic management in Pakistan and India respectively, thereby bringing to the

fore the perspectives of developing economies into the debate. Using data from 1973-2009, Sieg and Batool (2012), “investigate the existence and significance of political business cycles” in Pakistan (Sieg & Batool, 2012, p.154). While scholars such as MacRae (1977), Smyth, Dua and Taylor (1994), Renshaw and Trahan (1991), Monroe (1983) and others focus their studies and findings on OECD countries, particularly the United States, Sieg and Batool (2012) look at the experiences of developing economies, specifically Pakistan. The study assesses the impact of electioneering periods on major economic indicators such as inflation rate, real GDP growth, budget deficit and unemployment in Pakistan. According to their findings, unemployment tends to reduce during election times and increases immediately after elections as a result of politically-motivated employment schemes. Furthermore, they argue that, inflation declines as a result of election-related price regulation while budget deficit balloons due to excessive public expenditure during election times. These budget deficits are often financed through huge borrowing from the central bank and other financial institutions. Finally, real GDP growth and real public investment growth decline before and after elections as a result of inefficient resource allocation in the Pakistani economy (Sieg & Batool, 2012, p.153). They conclude that, although Pakistan is a developing economy, these findings are consistent with those of Alesina, Roubini, and Cohen (1992) on 18 OECD countries (Sieg & Batool, 2012, p.153). Consequently, the study proposes some institutional and policy reforms. These include the strengthening of the State Bank (central bank) of Pakistan. According to them, this will enable it withstand pressures from the executive arm. They also recommend the establishment of fiscal rules with strict compliance mechanism to pre-empt and prevent fiscal excesses during elections (Sieg & Batool, 2012, p.163). Sieg and Batool’s (2012) work mirrors my study on Ghana and therefore I will build on their assumptions, particularly when both Ghana and Pakistan are developing economies.

Similarly, Sen and Vaidya (1996) test the evidence of PBC in the Indian economy and democracy. They discover evidence of persistent budget deficits in election years which are being financed by the central government through money creation. The study is however unable to find evidence of GDP growth during election years. Further, while aggregate price levels were unaffected by elections in India, there were some increases in the prices of manufactured goods (Sen & Vaidya, 1996, p.2023). Moreover, the study reveals a slowdown of revenue and increased public expenditure during elections as a result of the incumbent's manipulation of both fiscal and monetary policy. Thus, despite the fact that India is a developing country, there is evidence of PBC just like the advanced democracies (Sen & Vaidya, 1996, p.2027). The country's long tradition of democracy appears to have played a part in causing the macro-economic variables to exhibit behaviour similar to that of the advanced economies. Again, the behaviour of Indian economy during elections mirrors that of Pakistan. It must be emphasised that, these studies will provide strong foundation for my work given the fact that Ghana, just like India and Pakistan, is also a developing economy with appreciable democratic credentials.

Amacher and Boyes (1982), test two assumptions on the relationship between the economy and democratic elections within the context of the political business cycle theory. First, they suggest that the economy can be manipulated or interfered with by various political actors, and second, there is an incentive for the political manipulation of the economy during elections (p.197). According to the results of their study, when the incumbent succeeds in manipulating the economy to bring down the rate of unemployment, the government is re-elected. This suggests an incentive to manipulate the economy for the purposes of gaining electoral advantage (Amacher & Boyes, 1982, pp.200-202). My study will test some of the assumptions of Amacher

and Boyes (1982) in relation to Ghana's elections and the economy since the democratic transition of 1992.

Price (1997) appraises the various strands of the political business cycle theory and concludes that, the theory does not have one uniform definition in explaining the relationship between elections and the economy. According to him, while the term primarily explains the interplay between elections and economic output, other factors such as “pre- and post-electoral fluctuations” in inflation and other policy instruments cannot also be ignored (p.407). He identifies five components of the political business cycle which can be used to explain the interaction between economics and politics. These include: “irrational partisan cycles; irrational opportunistic cycles; rational partisan cycles; rational opportunistic cycles; and strategic debt cycles” (Price, 1997, p.407). In opportunistic models, the incumbent's motive for manipulating the economy is primarily to extend its tenure through elections. Proponents of this model include Nordhaus (1975), Lindbeck, (1976) and MacRae, (1977). However, in order to achieve successes in this endeavour, voters will have to irrationally ignore the evidence of the past manipulation by incumbents (p.411). The partisan models emphasise the ideological differences of political parties and governments vis-à-vis economic policies. While left-leaning parties and governments favour lower unemployment, those on the right have preference over lower inflation. According to him, Hibbs (1977 & 1987) is the notable proponent of this view (Price, 1997, pp. 412-413). On rational opportunistic models, he suggests that if voters are well informed and rational, there will not be any cycle. However, in many instances, voters perceive incumbent as competent as a result of lack of adequate credible information on the incumbent's macro-economic and fiscal performance (pp.417-418). He argues that, in the rational partisan models, voters should not only be able to foresee a higher inflation rate from left-leaning governments but also build that into

their expectations. Thus, while governments from the left might create lower unemployment or higher output, they might also generate higher inflation. All these probable outcomes of elections must be clear to the voters (Price, 1997, pp.418-419). On the issue of strategic debt policy, Price (1997) surmises that, towards the end of its tenure, incumbents could deliberately accumulate huge national debt in order to close the available fiscal space and constrain the incoming government's ability to spend (Price, 1997, p.420). In the case of Ghana's Fourth Republic, there is limited or no clear-cut economic policy dichotomy between the various political and ideological groupings since 1992. However, issues of inflation and public debt during elections in Ghana are germane to my study.

Furthermore, Golden and Poterba (1980), assess the suitability of using political business cycle to describe macro-economic policy during elections (p.696). The results of their study challenge the relevance of the PBC in explaining macro-economic policy. Using "fiscal policy, monetary policy and transfer policy" as variables of analysis, they found no "important or statistically significant effects of the electoral cycle" (Golden & Poterba, 1980, p.713). Thus, contrary to the popular views in the literature that, politicians can enhance their political popularity during elections by manipulating the economy, their study suggests otherwise. The power of politicians to maximise their popularity during elections is constrained by factors such as the uncertainties of macro-economic policy, political risks and the dangers of miscalculations in the policy process (p.713). Clark, Reichert, Lomas and Parker (1998) support the position of Golden and Poterba (1980), on the constraining factors against the incumbent's opportunistic manipulation of the economy for the purposes of re-election. These factors include domestic and international forces and institutions. According to them for instance, politicians and policymakers are denied the freedom of using monetary policy to manipulate the economy for re-election if the state is a

participant in the fixed exchange rate regime. This is particularly relevant during the period of capital mobility (Clark, Reichert, Lomas & Parker, 1998, p.88). They define monetary policy autonomy as the freedom to implement policies independent of foreign institutions and governments (Clark, Reichert, Lomas & Parker, 1998). For instance, while preparing for election, an incumbent can decide to reduce interest rate in order to stimulate demand, expand the economy and reduce unemployment in order to maximise his votes. However, in an atmosphere of fixed exchange rate and capital mobility, any attempt at reducing interest rate independent of the international financial (and economic) community may spark speculative activities within the financial sector that may lead to an unexpected outcome. Moreover, in an environment of capital mobility, a drop in the interest rate may compel both domestic and international investors to move their money outside the country in search for better interest rates (Clark, Reichert, Lomas & Parker, 1998, p.93). This may lead to unintended consequences to the economy and therefore thwarts the incumbent's motive of economic manipulation. In addition, a relatively autonomous central bank can serve as a check on politicians who may intend to manipulate the economy for political purposes (p.88). These independent central banks can disobey orders from politicians to arbitrarily reduce interest rate or expand money supply in the economy, thereby undermining their attempts at manipulating the economy during election times (p.93). However, the autonomy of central banks in many countries is compromised by powerful executives and legislatures (Clark, Reichert, Lomas & Parker, 1998, p.93). Thus, my study will look at some of these constraining factors against fiscal policy manipulations as highlighted by these scholars. The study will particularly examine the capacity and autonomy of Ghana's central bank to withstand political pressures from elected leaders during elections. The fundamental issue under investigation here is whether the Bank of Ghana formulates monetary policy that

supports fiscal manipulation from the Ministry of Finance during elections. Similarly, Klompa and Haanb (2013) concur with Golden and Poterba (1980) and Clark, Reichert, Lomas and Parker (1998) on factors and forces that interfere with economic management and conclude that democratic elections have limited impact on macro-economic and fiscal policy management. Variables that may determine the existence of PBC in a country include “the level of development and democracy, government transparency, the country’s political system, its membership of a monetary union and its degree of political polarisation” (Klompa & Haanb, 2013, p.329). According to their findings, fiscal policy is manipulated during elections more in nascent democracies than in matured democracies where voters have better experience of incumbent’s economic policies during elections. Membership of monetary union such as “the Stability and Growth Pact in the European Economic and Monetary Union (EMU)” may restrain the incumbent from manipulating fiscal policy during elections (p.337). Furthermore, one-party states may have more political flexibility in implementing austerity measures than multi-party democracies and can also easily manipulate fiscal policy for partisan electoral purposes (Klompa & Haanb, 2013, p.338). As a member of many international economic and political organisations, Ghana’s fiscal policy management may not be immune from foreign interference and influence. Thus, the questions that need to be answered are: What is the level of foreign interference on Ghana’s fiscal management? How does that affect the living condition of Ghanaian citizens? And what are the various domestic constraints on government’s fiscal policies?

Moreover, Detken and Gärtner (1992) and Weatherford (1987) discuss other factors that influence economic management during elections. Detken and Gärtner (1992) suggest that, apart from government’s manipulation of the economy, powerful and influential trade unions with

vested economic interests can also cause macro-economic fluctuations during elections. In addition, trade unions have interest in wages and employment issues and could therefore intervene or interfere with the democratic process to ensure that their preferred candidate wins (p.37). In many democracies, trade unions have ties to left-leaning political parties (Detken & Gärtner, 1992, p.43). Additionally, Weatherford (1987) examines two motivating factors in the incumbent's policymaking processes vis-à-vis his capacity to manipulate the economy during elections. These are first, his ideology and second, the organisation of his advice (p.926). According to the author, these two factors mostly determine the direction of the economy during elections. My study concurs with the assumptions of Detken and Gärtner (1992) and Weatherford (1987) and will therefore build upon them in various analysis and discussions.

Alesina and Sachs (1988), use their model to evaluate the "partisan views" of political parties in relation to rational and forward-looking expectations of voters. In their model, they examine what they describe as the "unexpected policy". They suggest that, in authoritarian (one-party) system of government, the economy is unlikely to face any manipulation by incumbent during elections. This is mainly because of lack of political competition and the certainty of the outcome of the elections. However, in a multi-party system of democracy, there is often a high degree of uncertainty because the general population does not know which party will win the elections and form the government. Therefore, voters' expectations about economic policy before the elections must be based on the average of policies the two strongest parties are expected to implement. Elected leaders and their policymakers create a "surprise" if they do not follow the policy expected of them by the electorate. Furthermore, the model explains that parties with inclination towards expansionary fiscal policy are expected to expand the economy "with high money growth" and those with a proclivity towards less expansionary fiscal policy are bound to

maintain “low money growth.” These policy outcomes however, do not constitute any electoral surprise to the general public (Alesina & Sachs, 1988, p.64). Alesina and Sachs (1988), however fail to unearth the relationship between democratic elections and fiscal policy management and how that relationship affects the economic well-being of the citizenry. This is the lacuna my study intends to fill.

Using partisan and opportunistic political business cycle theory, Vaaler, Schrage and Block (2005) estimate “the investment risk perceived” by sovereign bond-holders in developing countries where there is an upsurge of both domestic and foreign investment and “democratic electoral competitiveness” (p.62). The study finds that, both domestic and foreign investors have higher perception of risk on their investment during elections (p. 62). They posit that, these findings expose the grave implications of democratic elections on the economies of developing countries. Thus, election may have a higher financial and economic cost on the state as it leads to huge public debt (Vaaler, Schrage & Block, 2005, p.83). The build-up of both domestic and external debt in Ghana during elections is central to various discussions in this study. Thus, my study will complement the work of Vaaler, Schrage and Block, (2005) by investigating the impact of elections on Ghana’s public debt.

Cartwright and DeLorme (1985) and Alesina, Mirrlees and Neumann (1989) also explore the connection between elections and the economy. Cartwright and DeLorme (1985), discuss the impact of inflation and unemployment on voter behaviour using data of seven presidential election periods (i.e. from 1954 to 1980) in the United States (p.899). Their findings reveal that, voters prefer lower inflation than lower unemployment. Equally, Alesina, Mirrlees and Neumann (1989) assess the influence of democratic elections on macro-economic management in mostly advanced countries. According to them, politicians in a democracy are motivated by two

important considerations. These are first, the desire to continuously retain power through elections and second, partisan or ideological consideration when formulating policies. These ideological considerations enable them to satisfy the demands and aspirations of their constituents so as to retain their support at the polls. These two mutually exclusive considerations may have negative impacts on macro-economic variables such as inflation, budget deficit, output and unemployment (Alesina, Mirrlees & Neumann, 1989). They argue that, the pattern of behaviour of these macro-economic variables is often dictated by the political and ideological orientations of the government or the party in power. Liberal political parties and governments often have preference on lower unemployment and higher inflation while conservatives prefer higher inflation over lower unemployment (Alesina, Mirrlees & Neumann, 1989). Excessive policy variability emanating from these partisan and electoral considerations has the tendency for destabilising the economy and creating widespread fluctuations. These necessitate some policy mechanisms “such as monetary rule and/or a budget balance rule” to curb government’s discretionary powers, ensure policy coordination and limit the excessive partisan and electoral use of macro-economic variables by political players (Alesina, Mirrlees & Neumann, 1989, p.82). These policy rules must have enforcement mechanisms binding on all political parties and all governments within the democratic system. However, Cartwright and DeLorme (1985) and Alesina, Mirrlees and Neumann (1989) are unable to explain how deterioration of variables such as inflation, budget deficit and exchange rate during elections affects efforts at poverty reduction and improvement in the living condition of ordinary citizens. My study will offer a comprehensive analysis of those issues.

Maloney and Smirlock (1981), Crain and Ekelund (1978) and Ploeg (1989) use different approaches to explain the influence of democratic elections on various macro-economic

indicators, particularly fiscal deficit. Maloney and Smirlock's (1981) model evaluates the impact of economic management on elections. According to them, the probability of the incumbent to stay in power for long depends on its economic management performance. Thus, this is enough incentive for government to manipulate the economy and fiscal policy (Maloney & Smirlock, 1981, p.377). They suggest that, while economic conditions may have direct relationship with presidential elections, the results for legislative elections have been mixed (Maloney & Smirlock, 1981, p.337). In the same way, Crain and Ekelund (1978) study the relationship between budget deficit and democratic elections. According to them, elected governments have a predisposition towards continuous deficit accumulation due to intermittent political pressure from democratic competition. Thus, the need for contractual renewal from voters periodically motivates the ruling class and their policymakers to overspend during elections (Crain & Ekelund, 1978). However, while political rivalry between various competing political elites produces deficit and debt, it also serves to protect the sovereignty of voters within the political system (Crain & Ekelund, 1978, pp.813-817). They further argue that, in financing politically-inspired projects, politicians can either raise taxes from the citizens or borrow funds and incur deficits. But in most instances, they choose borrowing, deficits and debt accumulation because this option seems to be preferred by majority of voters (Crain & Ekelund, 1978, pp.813-817). However, they assert that, the incentive to overspend and accumulate budget deficit is almost absent in non-democratic countries (Crain & Ekelund, 1978, p.819). In these countries, while elections may be held, voters are denied the right to freely choose their representatives and therefore not capable of influencing government's fiscal policy. Moreover, the decision-making bodies in those regimes are very small compared to those in democracies. Thus according to them, in states where political competition is absent, there is minimal or no budget deficit at all. This explains the

preponderance of balanced budgets in many non-democratic socialist countries across the world (Crain & Ekelund, 1978, p.819). Additionally, Ploeg (1989) examines the incumbent's use of tax rate and tax policy as a fiscal tool to influence voters in order to get re-elected. He identifies some approaches the incumbent and its policymakers can adopt to manipulate tax rates for the purposes of re-election. First is to "set the tax rate to reconcile the interests of competing pressure groups and thus obtain a political trade-off between the private and public sectors" prior to the election period (Ploeg, 1989, p.236). The second strategy is by carefully studying the various dynamics of inflation expectation to find opportunity to exploit for electoral advantage. In this regard, government may stimulate the economy and raise taxes to finance infrastructure development close to the election period, thereby burdening the incoming government with the corresponding inflationary pressures (Ploeg, 1989, p.236). Whereas Maloney and Smirlock (1981) and Ploeg (1989) identify political opportunism as the main motivating factor for the incumbent's manipulation of fiscal policy and other economic variables during election periods, Crain and Ekelund (1978), pin the blame of macro-economic mismanagement on the competitive nature of democratic system of government. All the three studies however, failed to identify and discuss the impact of the incumbent's fiscal excesses during elections on the economy, a gap that my study seeks to fill.

Using economic variables such as "total debt-service, reserves to imports ratio, amortisation rates, interest payments, growth rates of exports, GDP and savings, current account deficits, etc.," Balkan and Greene (1990) assess various political regimes and their affinity towards debt accumulation (Balkan & Greene, 1990, p.203). They point out that, foreign governments, international financial institutions and other bilateral and multilateral lending agencies prefer lending money to democratically elected governments, rather than authoritarian regimes. This is

because, democratic governments have very slim chance of defaults compared to autocratic regimes (Balkan & Greene, 1990, p.202). Consequently, autocratic regimes are charged higher risk premiums and therefore are likely to accumulate higher external debt. On the other hand, they suggest that, dictatorships are seen as more stable borrowers because they are not susceptible to public pressure that may accompany austere measures and policies during fiscal crisis (p.202). According to them, democratically elected governments are those which are elected through multi-party competition. Regular and competitive elections are the norm, and rulers are not installed through the force of arms or any other undemocratic means (Balkan & Greene, 1990, p.203-204). Balkan and Greene (1990), are unable to determine whether democratic governments are able to utilise fiscal space opened by the resources from the grants and loans/debt contracted from multilateral and bilateral institutions and governments for productive purposes. This study will examine whether the grants and loans/debt accumulated by successive governments since 1992 have been used efficiently and judiciously for the benefit of the state and the citizenry.

Remmer (2007) and Ploeg (1984), discuss two opposing views on the use of financial resources by the state during elections. While Remmer (2007) examines issues relating to patronage politics, Ploeg (1984) highlights issues on bureaucratic efficiency. Remmer's (2007) postulates centre on the contradictions between patronage politics and sound fiscal policy management. According to him, in democratic states, political accountability is often manifested in the voters' responsiveness to the economic and fiscal performance of elected leaders (p.363). However, in most countries across the world, most voters put a premium on patron-client relationship than sound fiscal policy performance in making judgment at the polls. To those voters, the provision of collective goods such as economic growth, lower inflation, lower interest rates, stable

exchange rate and the expansion of infrastructure must be subordinated to patronage politics which guarantees the distribution of state resources to network of political clients (Remmer, 2007, p.363). However, distributing public sector jobs and other state resources to various political reward networks by the political class has been blamed for creating public sector inefficiency, unsustainable budget deficit, macro-economic instability, stunted economic growth, resistance (or continuous failure) of market-oriented reforms and state predation (Remmer, 2007). This economic malady may lead to political implications such as corruption, politicised bureaucracies, electoral manipulation, ethnic voting, weak political parties, “political inequality, the consolidation of incumbency advantage, fragmented civil societies, attenuated forms of citizenship, and fragile political institutions” (Remmer, 2007, p.363). Thus, putting the issues of patronage politics by both the voters and the political class ahead of effective fiscal performance and the provision of public goods have both political and economic implications for the state (Remmer, 2007, p.363). Ploeg (1984) exposes the tension between politicians and bureaucrats on issues relating to excesses in public expenditure during election periods. According to him, while the political class is preoccupied with economic policies that will guarantee their re-election, the state bureaucracy is interested in the efficiency and effectiveness of economic and fiscal policy since their future survival does not depend on the electorate (Ploeg, 1984). He argues however that, the ruling class can maintain control “over the state bureaucracy by setting guidelines for the planned fiscal deficits during election periods” (Ploeg, 1984, p.216). Furthermore, during election times, apart from bureaucrats, government’s fiscal policy stance is also influenced by “active private sector agents, public sector workers...unemployed and other network of clients” (Ploeg, 1984, p.219). Thus for government to win re-election, there is the need to harmonise the interests of all these groups with respect to fiscal policy issues such as taxation and fiscal

spending (Ploeg, 1984, p.219). He argues that, in government's economic management, the budget deficit is perceived as the "outcome of the harmonisation of conflicting interests in society" (Ploeg, 1984, p.229). The cardinal objective of my study is to investigate how electoral politics influence fiscal management in Ghana. Therefore, the various assumptions of both Remmer, (2007) and Ploeg (1984) will provide important context for my discussions and analysis.

2.6 Fiscal Policy

Osei and Telli (2017), discuss the relationship between fiscal policy and economic growth in Ghana since independence. They define fiscal policy as "government's expenditure and taxation decisions." According to them, fiscal policy can be used as a tool to influence other macro-economic indicators such as interest rate, exchange rate, unemployment and economic growth. For instance, expansionary fiscal policies (increase in public spending or lowering taxes or both) can be used by the state to stimulate economic growth and reduce unemployment while contractionary fiscal policy (increase in taxes or reduction in public spending or both) can be used to rein in inflation and inflationary pressures (Osei & Telli, 2017, pp.66-67). Moreover, the state can also use (or manipulate) revenue and expenditure decisions to provide "infrastructure, essential public goods, and social programs and/or to simply influence voters in an election year" (p.67). They point out that, the main indicator of fiscal policy outcome is the fiscal balance. Thus, when expenditure exceeds revenue, then the state will have a budget deficit. Conversely, the state's fiscal books register a surplus when revenue exceeds expenditure. Finally, a balanced budget occurs when revenue and expenditure are equal. Giving historical background, the

authors assert that, Ghana moved from a restrained fiscal policy before independence to expansionary fiscal policy after independence. For instance, before independence, public expenditure “was capped at 10 per cent of GDP” with the state registering a budget surplus of 14 per cent of GDP in 1954 (p.67). However, after independence, government expenditure rose to 25.8 per cent of GDP. The preponderance of expansionary fiscal policy after independence led to a fiscal deficit of 6.4 per cent of GDP by 1965. Thus according to the authors, “since the 1960s, budget deficits have persisted in Ghana’s economic history” (p.68). For instance, from 1960 to 2014, “the average budget balance as a ratio to GDP has been a deficit of 4.6 per cent” (Osei & Telli, 2017, p.68). They argue that, “high and persistent deficits” in the post-independent economy of Ghana have had negative impact on economic growth. Moreover, public investment and capital spending over the years lacked the requisite efficiency to promote growth. According to them, lower returns on projects and implementation challenges are partly to blame for this situation (pp.77-84). These scholars only provide a historical overview of fiscal deficit and its relationship with economic growth in Ghana. My work will undertake a comprehensive study into the relationship between democratic elections and fiscal management in Ghana’s Fourth Republic.

Mabawonku and Olomola (1988), define the purpose of fiscal policy in the budgetary process. They argue that, governments across the world use fiscal policy and interventions as instruments to achieve specific macro-economic goals in different sectors of the economy. In this regard, expenditure actions are seen as the most important mechanism to successfully achieve fiscal objectives. They surmise that, the allocation of resources for the development of the various sectors of the economy is worked out annually in government budgets in accordance with the priority attached to specific sectors (Mabawonku, & Olomola, 1988). In Ghana, the budgetary

process over the years is beset with huge expenditure overruns especially in most election periods, raising questions about the objectives of fiscal policy and the roles of key public finance agencies and institutions. In my study, this and other issues relating to the Ghanaian economy will be discussed within the framework of Mabawonku and Olomola (1988).

Aigbokhan, (1991) investigates the impact of the global economic crisis of the 1980s on less developed economies like that of Nigeria. According to him, the impact of the global recession on the Nigerian economy and that of other less developed countries included rises in international interest rates which raised the cost of external borrowing and a fall in demand for their exports. This resulted in balance of payments problems and acute domestic economic crisis. This crisis was characterised by low or negative economic growth rates, mounting external debt burden, growing unemployment and external balance disequilibrium. To arrest the situation, the Nigerian government adopted a series of monetary and fiscal policies, including tax incentives, import duty relief, tariff measures and budgetary measures (Aigbokhan, 1991, pp. 53-57). Aigbokhan's work is silent on the impact of democratic elections on the economy, particularly fiscal policy management. However, his account of the negative implications of global economic crisis on Nigeria resonates with the Ghanaian situation in times of political uncertainties and economic crisis. His analysis therefore provides us a good background for assessing Ghana's fiscal management especially during elections under the Fourth Republic.

Goyal (2007) argues that in a democracy, there is always the tendency for incumbent government, keen on pleasing the large mass of poor voters for electoral victory, to raise populist consumption. She asserts that, this behaviour by the government tends to produce management inefficiencies, leading to dampened economic growth and private sector counter measures, such as black-marketing, flight of capital, labour migration, among others. Thus, in a multi-party

democracy, a law or a binding rule preventing fiscal populism may be a useful commitment device, since all the parties would be bound by it and therefore would have less incentive to engage in competitive populism at the detriment of the national economy. She further states that, although monetary and administrative measures were used to manage inflation and inflationary pressures, the Reserve Bank of India was not independent of the fiscal authorities, because some limits were put on it in the nineties on the automatic financing of budget deficits. Therefore, she argues that in a democracy, central bankers largely follow the preferences of the elected officials despite the concept of independence of the central banks (Goyal, 2007). The study addresses the risks of fiscal populism and opportunism by incumbents eager to gain more votes in an election. It also highlights the complementary role of central banks in fuelling incumbents' populist fiscal policies, particularly during elections. This is contrary to the various legislations affirming and safeguarding the independence of central banks from any form of control from the executive arm of the state in several countries including Ghana. However, Goyal (2007) fails to discuss the watchdog roles of key state institutions such as the legislature, the judiciary and the auditing mechanisms, among others, in reining in irresponsible fiscal policies. These institutions are supposed to be the state's first line of defence against fiscal populism and excesses. My study will therefore assess these issues.

Studying fiscal adjustment in developing countries through tax administration reforms, Vehorn (2011) claims that, when a developing or emerging market economy experiences a fiscal crisis, it normally goes through difficult fiscal adjustment process, mostly under the guidance of the International Monetary Fund (IMF), which usually provides a short-term loan to assist the government undertaking the structural adjustments but not without certain conditionalities. Generally, these countries are in crisis mainly because they are running an unsustainable fiscal

deficit, so one condition for an IMF monetary support is for the distressed country to convince the Fund that it is making progress in reducing the fiscal deficit. Thus, the Fund disburses its loans in tranches and the economy is evaluated mainly by staff of the Fund to ensure that the country is making progress in complying with IMF conditionalities before further funds are disbursed. In order to reduce the fiscal deficit and meet the required fiscal targets, governments are advised and shepherded by the technical staff of the Fund to cut expenditures, raise revenue, or apply both measures. Vehorn further observes that, raising tax revenue to boost fiscal reforms prescribed by the IMF can be accomplished by either changing the tax policy (e.g. raising tax rates) or by improving tax collection. He suggests that, bringing a small minority of large businesses, which usually account for a large share of the tax revenue, into the tax net through the establishment of a Large Taxpayer Unit (LTU) by the fiscal authorities can tremendously improve tax collection and enhance revenue (Vehorn, 2011, pp.232-328). Since the democratic transition of 1992, the Ghanaian state had implemented some of these adjustment and stabilisation policies as antidote to persistent budget deficits and unsustainable debt levels. My study will evaluate some of these adjustment programmes including the Economic Recovery Programme, (ERPI and II), the Structural Adjustment Programme (SAP I and II), the Poverty Reduction and Growth Facility (PRGF), the Extended Credit Facility (ECF) and the Highly Indebted Poor Country (HIPC) initiative within the context of Vehorn's (2011) postulates.

Fatas and Mihov (2003a) assert that, the establishment of a single currency in Europe has a major impact on the conduct of fiscal policy in all the Economic and Monetary Union (EMU) members. They suggest that, in the initial process to the launch of the euro, largely brought about by the Maastricht Treaty criteria, significant fiscal adjustment was imposed on all the countries throughout the 1990s. Thus, the eventual introduction of the euro in January 1999 and the

replacement of the Maastricht Treaty criteria by the rules of the Stability and Growth Pact (SGP), posed some fiscal policy challenges to the European economic policymakers. Apart from the limits that were set on what is referred to as the 'bad' fiscal policy, the rules of the SGP also became a tool for coordination of fiscal policies among members of the monetary union. In the assessment of the scholars, after a persistent and significant effort to reduce budget deficits within member countries in a period spanning 1991-9, the trend towards fiscal consolidation stopped or at least slowed down after the launch of the euro. This shift took place in an atmosphere of economic slowdown that put additional pressure on the budget and brought some countries close to the budget deficit of 3 per cent limit imposed by the SGP. The scholars argue that, medium-term developments across the region have complicated the assessment of the sustainability of fiscal policy. Therefore, the SGP and the implementation of early warning rules are supposed to ensure the long-term sustainability of budget plans and fiscal policy within all the participating countries. They however postulate that, the drawback in this economic arrangement is that the pact is built around a very simple rule that sets a limit on the current budget deficit without taking cognisance of the impact of medium-term developments that can seriously affect the feasibility of fiscal policy plans. Further, they argue that discretionary fiscal policy defined as changes in fiscal variable that are unrelated to economic condition, has the potential of creating undesirable volatility in the economy. In their views, instance of discretionary fiscal policy changes is when variations are made on taxation around election times in order to boost the electoral chances of the incumbent or to satisfy some political or ideological objectives. As a result, incompetent or greedy politicians can generate substantial volatility in fiscal policy instruments by running larger-than-usual budget deficits in election years (Fatas & Mihov, 2003, pp. 112-116). While the central argument of this study relates to the requirement of

sound fiscal policy management in Europe in response to the establishment of the single currency, the study is relevant to my work because it resonates with similar requirement on West-African countries preparing for a single currency. These stringent requirements on West-African countries including Ghana, seek to impose some sanity on their fiscal policies and public finances even during elections. However, for many years, many countries within the sub-region have failed to comply with most of the fiscal regulations which are to prepare them for the single currency. The so-called ECOWAS Macro-economic Convergence Criteria are turning into a mirage for many countries within the sub-region including Ghana. The role of the election cycle cannot be discounted in this macro-economic and fiscal debacle. My discussions on Ghana's elections and fiscal policy management will be carried out along some of these salient issues.

Fatás and Mihov, (2003b) examine the possibility of restricting fiscal policy discretion in the hands of the executive arm of the state and its policymakers. They point out that, frequent elections are crucial in fiscal management because they have the tendency to open up the possibility of pre- or post-electoral policy manipulation and therefore more volatility due to the electoral cycle. On the other hand, democratic elections fundamentally keep policymakers accountable and thus moderate the incentives to engage in 'idiosyncratic or opportunistic' policy manipulation. They opine that, the debate on the independence of fiscal policy centres on variety of measures ranging from the United States' model of balanced budget in accordance with constitution, to the less restrictive limits on fiscal deficit within EMU, and the concept of building institutions that constrain discretion by virtue of the political process. They argue that, the main reason for tying the hands of the executive by imposing various restrictions on fiscal policy is based on the assumption that, discretion in fiscal policy can harm macro-economic stability and undermine economic and social development. According to Fatás and Mihov, while

it has the potential to create economic instability, it is obvious that unlimited discretion in fiscal policy can lead to expansionary public spending or contraction in the economy (Fatás & Mihov, 2003). The appropriateness of using various measures, instruments and institutions, including external ones such as the IMF to curtail the abuse of fiscal policy by the executive arm of the state underscored by Fatás and Mihov in their study may be a panacea for the perennial pre and post-election fiscal crisis in Ghana since 1992. These institutions can play effective watchdog role in preventing the occurrence of huge budget deficits and high debt/GDP ratio that often create macro-economic instability and aggravate poverty. My study will further interrogate some of these assumptions.

Heller (2002/2003) evaluates what he describes as the IMF's perspective of sound fiscal policy. He hypothesises that, in administering the Fund-supported programmes, Fund economists normally seek to place debt and fiscal policy in the context of a medium-term framework. Heller points out that, the aim of the Fund in highlighting the imperative for medium-term sustainability of debt and fiscal policy is to ensure that short-term cyclical fluctuations in the fiscal balance do not undermine the appropriate fiscal policy trajectory over the medium-term. In some extreme cases, those objectives may be defined in specific fiscal rules that set the targets operative over the medium-term. He contrasts the position of the IMF and its economists, who focus on long-term impact of their fiscal measures with that of most governments and their policymakers who are more interested in the short-term. Further, he suggests that, in assessing the impact of public debt on the fiscal sustainability of a country there is the need to consider a country's explicit public debt burden both in size and the terms of its debt service capacity and the likely dynamics over the medium to long-term. There is also the need for a broader perspective that takes into account the debts not only of the central government but that of regional and local authorities and

conceivably public enterprises as well, given that default by these entities may compel the central government to absorb some of these debts (Heller, 2002/2003, pp. 151-157). No study or discussions on elections and fiscal policy management in Ghana can be completed without examining the role of key external financial actors such as the IMF. Their insistence on medium-term debt and fiscal policy sustainability has been a major plank of macro-economic management in Ghana over the past forty years. What is however debatable at this juncture is whether the various economic prescriptions offered to the nation's political class and policymakers have yielded the desired results in sustaining economic growth and reducing poverty among the larger Ghanaian population. Heller's (2002/2003) analysis fails to provide any opinion on that.

2.7 Democratic Elections and Fiscal Policy

At the macro-level of their discussions, Pai (1996) and Posner (2015) examine the interaction between politics and economics. However, on the micro-level, Pai, (1996) assesses the impact of elections on fiscal reforms. She suggests that, electoral politics can have an impact upon the content and pace of fiscal reforms in a democratic polity. According to her, for any reform to succeed in a democratic political system, it has to be sensitive to the needs and material conditions of the poor. The rising levels of democratic consciousness in the rural communities of Africa in recent times, makes this proposition all the more compelling. Therefore, she argues that, offering a protective shield against the perils of inflation, particularly high cost of food, and the provision of 'safety nets' and efficient social and economic services for the multitude of underprivileged voters become imperative. Fiscal reforms must be tailored towards bridging the

gap between rural and urban areas in terms of development, thereby requiring greater decentralisation rather than the imposition of reforms from above. However, she is of the view that elections can also restrict the pace of fiscal reform in many countries by introducing 'corrective mechanisms' which may require cuts in public spending in order to reduce fiscal deficit. Thus, she points out that, underlying all these issues is the fundamental question of the confluence between politics and economics during a period of major structural adjustment and change (Pai, 1996). According to her, since the late 1970s when the process of Structural Adjustment (SA) began in Western Europe and spread across the former socialist and developing countries, a central concern in economic reforms has been the nature of the regime and the adjustment process. There is an obvious consensus in the debate that well-organised and competent authoritarian regimes are more capable of formulating and implementing unpopular and painful fiscal stabilisation measures than democracies. The fundamental reason for this assumption is simply that democratic governments usually experience political constraints including the demand for political accountability (Pai, 1996). But she also postulates that, the argument in favour of authoritarianism in this regard is based purely on democracy's structural constraints and not the numerous political dimensions of democratic systems which can affect the process of economic reforms. Again, the capacity of the state to formulate and implement fiscal reforms is based on the institutional and procedural variables such as strong political leadership, ideology of the ruling party, interest groups, lobbies and democratic elections. These the scholar concludes have greater impact than merely broad regime type (Pai, 1996). Pai's thesis teases out what one may consider as the two opposing views on the relationship between democratic elections and fiscal policy. While on the one hand democratic elections may have a destabilising effect on fiscal reforms, they may also guarantee accountability for fiscal policy and

reforms. What is of paramount importance to my study which has not been expatiated on by Pai (1996) is the extent of influence of democratic elections on the management of fiscal policy and public finances. Conversely, Posner (2015) focuses on the tension between fiscal austerity and electoral politics. Posner (2015) suggests that, nations going through major fiscal reforms in the immediate aftermath of economic crisis can plunge into political instability because fiscal consolidation can exacerbate the severity of both the fiscal deficits and economic downturn. This can give rise to public resistance and even unrest. Further, he states that the legitimacy of deep spending cuts is imperilled, particularly when the measures are introduced with little advance public education or when the public perceives the consolidation to be externally imposed. For instance, of the fourteen European crisis-hit nations that had elections in the midst of severe unemployment and fiscal austerity from 2009 to 2012, nine of them voted out the incumbent government. According to him, despite the prevailing pessimism about the relationship between democracies and deficits in the economy, many advanced nations have successfully undertaken significant fiscal consolidation in recent years. He further maintains that, political institutions are critical in determining whether and how fiscal consolidations will be shaped to respond to economic and fiscal triggers. Again, fiscal policy is usually successful if a government has sufficient political support or could form an alliance with key groups and publics to push for needed fiscal reforms to push the economy forward. The two most important political variables associated with fiscal consolidation are the timing of consolidation and the relative strength of the ruling party formulating and implementing it. There is widespread belief that fiscal consolidation is most successful when it is introduced in the immediate aftermath of an election, because new governments have high legitimacy and good will among the public. The success of the policy becomes greatly enhanced when the incoming government campaigned and won the

elections on a platform of fiscal consolidation. In this case, the government can rightly claim to have won the peoples' mandate to impose consolidation as a corrective measure to put the economy and public finances on a sound footing. He suggests therefore that, successful consolidation is not introduced in secrecy but rather with broad publicity to capitalise on the momentum drawn from the electoral victory (Posner, 2015, pp. 434-458). Posner raises two insightful ideas about fiscal consolidation in his study. First is the potentially destabilising political effect of fiscal consolidation. Second is the need for effective mobilisation of public opinion in support of fiscal consolidation. However, Ghana's record on fiscal consolidation since 1992 has been checkered. What is not clear from Posner's (2015) analysis are the constraining factors that account for this inconsistent performance of fiscal consolidation policies since the transition to democracy. This study will seek to find relevant answers to these issues.

Rose (2010), examines fiscal sustainability. According to her, long before the economic crisis that precipitated the Great Recession, states in the US were already on an unsustainable fiscal trajectory, with budgetary commitments growing at a considerably faster pace than current revenues. In addition, long-term liabilities were also ballooning. She claims that, this fiscal trajectory reflects a trend that is taking place around the world, from Europe to Asia and Africa, and accounts for the fact that both policymakers and scholars are increasingly focusing attention on the issue of fiscal sustainability. In her view, the most common definition of fiscal sustainability is a government's long-run capability to consistently meet existing spending commitments with available economic and political resources. Hence, policymakers and scholars advocate a government's application of mainly political and fiscal institutions to help promote fiscal sustainability. She argues that, political institutions determine how policy decisions are made (Rose, 2010, pp.807-819). What is the level of efficiency of political and

fiscal institutions in Ghana? How do they interact in matters regarding fiscal policy management during elections? Such issues will be central to my study.

Scholars such as Cuzán and Bundrick (2000), Schuknecht (2000) and Sakurai and Menezes-Filho (2008), offer varied ideas on the connection between democratic elections and fiscal policy. Cuzán and Bundrick (2000) highlight the relationship between fiscal policy and presidential elections. They present evidence that support the view that voters reward fiscal frugality and punish fiscal expansion during elections in many matured democracies. They claim that, fiscal policy exerts a predictable effect on the outcome of presidential elections in a country such as the United States and it is palpable that fiscal restraint is rewarded while fiscal expansion is rejected at the polls. They hypothesise that, the outcome of presidential elections is contingent on fiscal policy. Anytime fiscal policy is expansionary, incumbent president or his party's candidate, along with his entire team face defeat at the polls and if their fiscal policy is frugal, they are rewarded with re-election (Cuzán & Bundrick, 2000). The basic assumption of this study that voters reward fiscal restraints during elections may not be applicable to elections in African, and specifically to the Ghanaian situation. Therefore, my study will test some of these propositions in relation to Ghana under the Fourth Republic. On the other hand, Sakurai and Menezes-Filho (2008) oppose some of the assumptions of Cuzán and Bundrick (2000). In a study on fiscal policy and re-election in Brazilian municipalities, they conclude that, mayors who engage in excessive and opportunistic public expenditure in their term of office increase the probability of their own re-election or of a successor within the same political party. According to them, higher capital spending over the years preceding elections and current expenditures in election years, are electorally beneficial to Brazil's incumbent mayors. Sakurai and Menezes-Filho (2008) however, support the view of Cuzán and Bundrick (2000) that while high election-

related expenditures are beneficial to many countries in the developing world, such as Brazil, in many advanced and consolidated democracies including the United States, voters are averse to election-inspired higher spending. Voters tend to penalise delinquent candidates regardless of the political office they are contesting. They affirm that, American voters also consider the timing of these expenditures and that the nearer spending increases are to elections, the more candidates are electorally punished (Sakurai & Menezes-Filho, 2008, pp. 301-303). Schuknecht (2000) offers a different perspective from the propositions of both Cuzán and Bundrick (2000) and Sakurai and Menezes-Filho (2008). He uses the so-called Nordhaus model and the partisan cycles approach to examine the relationship between democratic elections and fiscal policy. He argues that, the main tool for expansionary fiscal policies which is preferred around the period of elections is increasing public expenditure rather than lowering taxes. Public spending increases are widely preferred by policymakers to enhance candidate popularity during elections because they naturally have very direct and immediate impact on voters' welfare. In using the Nordhaus-approach to analyse fiscal policies around elections in many developing economies he concludes that, governments across the world often make strenuous efforts to stimulate their national economies through expansionary fiscal or monetary policies before an election in anticipation that the consequent employment gains or wealth transfers to the swarm of voters may increase the incumbent's popularity and eventual victory at the polls. But, the resultant effect of that action leads governments, seeking to stabilise the economy using restrictive policies, immediately after the elections. The information asymmetry between government and voters makes voters assume before the elections that policymakers are competent in the approach they adopt towards fiscal management, only to infer from the available economic data after the election the political opportunism of their government. Again, with the partisan cycles approach,

Schuknecht asserts further that differences in political ideology in many democracies across the world can determine governments' preferences for either inflation or unemployment. While parties on the left of centre put much premium on low unemployment, right-wing parties value low inflation more highly for fiscal manipulation. Consequently, he argues that, right-wing governments consistently generate lower inflation and higher unemployment than do leftist governments. Additionally, he states that, expansionary fiscal policies allow significant wealth transfers such as increases in cash transfers to households, employment and profit opportunities from public investment projects, reductions in tax rates and the delayed collection of taxes, to maximise the chances of incumbents at the polls. Thus, to achieve their electoral objectives, governments increase public expenditure or reduce revenue and in both cases, fiscal deficit is increased before the elections and therefore fiscal consolidation becomes inevitable thereafter (Schuknecht, 2000, pp.115-118). My study concurs with the assumptions of Schuknecht (2000) and will therefore use it as a framework for further discussions and analysis.

2.8 Fiscal Policy Management

Bird (2001), Kopits (2001) and Gruen (1997) discuss the dangers of ballooned fiscal deficit on the management of the economy and the efficacy of the various institutional and administrative measures in curbing those problems. According to Bird (2001), fiscal policy as it relates to the structure of taxes and public expenditure is generally a tool for macro-economic management. However, fiscal policy in some circumstances can be used at the micro-economic level as well. It can be deployed to encourage individuals to work and save, and for firms to invest in the economy. However, he argues that bloated fiscal deficit is at the heart of macro-economic

instability in many countries, particularly in Africa. Thus, to guarantee sanity in macro-economic policy, it is imperative to impose more restrictive fiscal policy in order to bring down the deficits. This will forestall the situation where government would have to struggle to find resources to finance the deficits if they are to become large and unsustainable. According to him, fiscal excesses normally lead to the crowding out of private investment and the general deterioration of macro-economic fundamentals. However, domestic political pressures mostly in developing countries often undermine government's ability to take appropriate fiscal measures both at the expenditure and revenue sides, to manage the deficits and safeguard macro-economic stability (Bird, 2001, pp.38-41). However, closely related to Bird's postulates on budget deficit is Kopits' (2001) analysis on the major ingredients of sound fiscal policy management within the state. Kopits observes that for some time now, India's economy has been buffeted by abnormally high and unsustainable budget deficit. This situation in his views is not limited to only the central government. It is manifested at the state levels also. Poor fiscal management practices such as "mounting wage bill, widespread subsidies, proliferation of tax concessions, and rising interest costs are to blame for this fiscal crisis in India. Added to these factors are the challenges in revenue collection and sound expenditure management (Kopits, 2001, pp. 749). The build-up of these deficits has resulted in increases in the levels of national debt which stands now in excess of 80 per cent of GDP. On the external side, a large fiscal imbalance has the tendency for creating balance-of-payments challenges and therefore weakening the foreign exchange buffer for the national currency. This would likely result in a currency crisis and all its accompanying challenges on the Indian economy and the welfare of its citizens. This calls for urgent solutions to return the Indian economy and public finances to a sound situation. At the centre of the debate is the significance of fiscal policy rules. According to him, an indispensable ingredient of fiscal

responsibility legislation across the world is transparency in institutional arrangements and transparent fiscal reporting. He further notes that, fiscal responsibility is central to sustainable budget deficit and debt management. This in his views is applicable whether in the context of rules based fiscal policy, as in the case of New Zealand, or of discretionary policymaking, as in Australia (Kopits, 2001, pp.749-750). In the same way, Gruen's (1997) study on fiscal management identifies the New Zealand's Fiscal Responsibility Act and the Australian Charter of Budget Honesty as perfect examples of instruments for improved fiscal policy transparency. The study claims that, one important objective of the New Zealand legislation has been the diversion of fiscal decision-making from the short-term economic and political considerations towards strategic and long-term fiscal objectives that would be beneficial to the national economy. Similarly, he argues with respect to Australia's National Commission of Audit that, the main obligation of a Charter of Budget Honesty would be to serve as a counterbalance against spending pressures. In addition, the study claims that, restricting government through the adoption of certain established fiscal policy rules is embodied in various proposals for balanced budget requirements to be constitutionally or legislatively entrenched. However, he suggests that, such rules can be evaded by a government which may be willing to conform to the letter of such provisions while subverting their spirit by various accounting and regulatory practices. Moreover, he asserts that, rigid requirements to balance the national budget may have a tendency to exacerbate, perhaps gravely, the volatility of the business cycle. In his view, this is because policymakers may be constrained during a recession, from taking the initiative to engineer discretionary fiscal expansion. He argues further that, fiscal management unlike monetary policy is central to government's development agenda and political priorities, and therefore cannot be surrendered to a central agency such as the Reserve Bank. He states that, the part of fiscal

management that can be delegated to an independent or quasi-independent entity is the implementation of detailed fiscal policy decisions (Gruen, 1997, pp. 298-301). The various assumptions of Bird (2001), Kopits (2001) and Gruen (1997) revolve around the problem of fiscal excesses and various ways of curbing them. Bird's argument relates to the impact of poor fiscal management on the economy and public finance. The problem of fiscal deficits highlighted in his study is a persistent phenomenon in Ghana's fiscal management since the beginning of the Fourth Republic and thus will be an important feature of my study. Furthermore, his assessment on the restraining impact of domestic political pressure on good fiscal management may also expose the causes of Ghana's persistent budget deficits since the beginning of the Fourth Republic. Again, the discussions of both Kopits and Gruen on curbing excessive budget deficit and huge national debt using fiscal policy rules and other institutional and policy arrangements may be useful in helping us find answers to the problems of fiscal crisis in Ghana since the democratic transition of 1992.

Perotti and Alesina (1995) focus on the institutional factors that underpin the accumulation of huge public debt and acute fiscal deficit within some OECD countries. They observe that, the cross-country differences in the behaviour of these important economic indices cannot be explained using economic arguments alone. All the OECD countries are matured democracies with advanced economies and high levels of per capita, but they have politico-institutional (electoral laws, party structures, budget laws, central bank laws, degree of decentralisation, political stability, and social polarisation) variations that define the differences in their budget deficits and fiscal policy in general (Perotti & Alesina, 1995, pp. 2-3). The scholars employ the concept of fiscal illusion, to argue that in a democracy, voters often over-estimate the current benefit of deficit-financed expenditures while underestimating the future cost in terms of tax

burden. This situation offers opportunities for incumbents to open the spending taps during elections in order to please the “fiscally illuded” voters (Perotti & Alesina, 1995, p. 9). Their hypotheses on fiscal illusion aptly resonate with the one in the political business cycle literature which states that, in election years politicians follow expansionary policies and voters reward them with re-election “without understanding (or learning from the past) that pre-electoral expansionary policies will have to be paid for by post electoral recessions” (Perotti & Alesina, 1995, p.10). The significance of this study lies in its explanations of the causes of budget deficits and debt in an election year. Although the study focuses on OECD countries, the findings and conclusions may resonate with voter behaviour in a developing country like Ghana. Thus, my study will draw on these findings and conclusions for the Ghanaian case as I analyse the causes of the persistent budget deficits and rising debt in the country’s election cycle.

Cover and Pasten (2010), seek to provide empirical evidence in public finance to show that political instability and uncertainty such as elections can influence appropriate fiscal authorities and institutions to postpone the burden of taxation to the future. Government would then implement a myopic fiscal policy of delaying taxes or increasing spending in order to buy political support from the electorate and therefore retain power. Using data from Chile to back their argument, they conclude that this measure could have a boomerang effect on the whole economy. This is because, rising deficit levels which may come about as a result of fiscal slippages may increase the chances of a full-blown financial crisis (Cover & Pasten, 2010, p. 169). Again, according to them, data from several countries indicate that political crisis and fiscal crisis often occur at the same time (Cover & Pasten, 2010, p. 169-170). Therefore, an incumbent but benevolent government facing political uncertainty or elections is highly likely to implement economic and fiscal policies that have little or no regard on the future viability of the

national economy. These fiscal excesses would dramatically balloon the budget deficit with resultant huge accumulation of public debt, thereby increasing the likelihood of a sovereign debt crisis and full blown financial and economic crisis. They conclude that, political instability and uncertainty increase the probability of a full blown financial and economic crisis (Cover & Pasten 2010, pp. 169-173). These authors offer exhaustive assessment on the linkage between fiscal policy management on one hand and political uncertainties and instability on the other and thus provide a good perspective for various discussions and analysis in my study.

2.9 Conclusion

In summary, this literature review provides the necessary background for my study on “Elections and Fiscal Management in Ghana’s Fourth Republic, 1992-2016.” The various studies reviewed on the subject matter offer many diverse viewpoints across the world on the interplay between democratic elections and fiscal management. Many of these ideas, definitions, analysis, concepts, models and theories from different scholars across the globe have significant resonance for Ghana’s experiences as a democracy in the process of consolidation. Thus, subsequent chapters of this study will use some of these assumptions as foundation for discussions and analysis on democratic elections and fiscal policy management in Ghana’s Fourth Republic. In doing so, my study will attempt to fill the various gaps identified in the literature.

CHAPTER THREE

THEORETICAL FRAMEWORK

3.1 Introduction

This chapter reviews the relevant theories, concepts and models that will provide the theoretical background for the study on the relationship between democratic elections and fiscal policy management in Ghana. The chapter identifies and discusses different theories from the literature. These include the Partisan Theory of Economic Cycles, Theory of Pressure Groups, Rational Partisan Theory and Political Business Cycles Theory.

All these theories can potentially provide a theoretical framework for my work. However, I intend studying “Democratic Elections and Fiscal Management in Ghana’s Fourth Republic, 1992-2016” within the context of Political Business Cycles (PBC) Theory propounded by Kalecki (1943) and Nordhaus (1975). In doing so, this chapter will first critically examine the various theories mentioned above, highlighting their weaknesses and strengths where appropriate before discussing the theory of Political Business Cycles. Afterwards, the chapter will examine the applicability of this theory to my study.

3.2 Partisan Theory of Economic Cycles

The partisan theory of economic cycles puts the interests of the core political supporters of political officeholders at the centre of major economic policies and decisions. The theory and its various models largely explain the relationship between macro-economics and macro-politics (Alesina & Rosenthal, 1989). It is firmly grounded on the assumption that, in a democracy,

elected public officeholders and policymakers implement macro-economic policies that they think are favourable to their constituencies and core voters (Terrones, 1991, pp.174-175). Lockwood, Philippopoulos and Snell (1996) suggest that, in multi-party democracies across the world, the incumbent party and its policymakers have two fundamental motives, namely the opportunistic motive to hold on to power for as long as possible and the partisan motive of extending the 'spoils' of political power to their constituents (Lockwood, Philippopoulos & Snell, 1996, p.894). These two mutually exclusive motives affect fiscal policy, particularly in pre and post-election periods. Furthermore, in this theory, the differences in the motives of elected officials may manifest themselves as ideological differences of the parties in power on fiscal and monetary policy - the so-called "partisan effects". Left-wing governments may try to "tax and spend more, and potentially accumulate more debt" (Lockwood, Philippopoulos & Snell, 1996, p.894). Again, incumbents may try to manipulate macro-economic policies, particularly fiscal and monetary policies, to induce (or bribe) the voters immediately before the elections in order to guarantee the achievement of certain predetermined electoral outcome. In this regard, policymakers may implement economic policies that will lead to reduction in taxes and interest rates to achieve the so-called "electoral effects" (Lockwood, Philippopoulos & Snell, 1996, p.894). Franzese (2002), on the other hand postulates that, incumbent government and their policymakers may adopt a clearly distinct and recognisable partisan fiscal policies, with the aim of achieving equally distinct macro-economic outcomes (Franzese, 2002, p.2).

Alesina and Roubini (1992) emphasise that, for partisan theory, different political parties within the democratic system represent the interests and aspirations of different constituencies and so when in office, they implement policies and programmes favourable to their constituencies. Specifically, left-wing political parties focus on the problem of unemployment "while the right-

wing parties are relatively more willing to bear the costs of unemployment to reduce inflation” in order to pacify their core supporters (Alesina & Roubini, 1992, p.663). However, Balke (1991) claims that in partisan theory, economic policy is motivated by ideological considerations rather than on winning elections (Balke, 1991, p.920). He surmises that, in any democracy, voters are policy-oriented rather than incumbency-oriented. Thus, they “evaluate parties on the basis of their policies rather than reward or punish incumbents for their stewardship” during elections (Balke, 1991, p.923).

One fundamental weakness of this theory is that it does not take into consideration the impact of the global economy on the national economy (Alesina & Roubini, 1992). The partisan or opportunistic goals of politicians are often considered within the confines of the local economy without adequate consideration to the fact that national economies are now very integrated within the global economy and are highly interdependent (Alesina & Roubini, 1992, p.669). In addition, local economic policies and programmes are highly influenced by what pertains to the larger global economy and the financial markets. International financial institutions such as the IMF, the World Bank and other bilateral and multilateral institutions and partners wield significant influence on national economies across the globe. Moreover, private entities such as multinational corporations in sectors such as mining, energy and agriculture also have immense control on weaker states and their economies.

In addition, macro-economic and fiscal management driven by partisan and opportunistic motives have the propensity for dislocating economic fundamentals, leading to economic instability. In such circumstances, macro-economic indicators such as fiscal balance, debt levels, inflation rate, and exchange rate, are likely to be negatively affected, aggravating unemployment and poverty among citizens.

3.3 Pressure Group Theory

This theory surmises that, economic policies within the state are influenced by the activities and efforts of economic groups and individuals desirous of safeguarding their specific and parochial economic interests within the larger political economy (Terrones, 1991, p.179). Pressures and competitions among these groups that may at times have competing interests exert powerful influence on fiscal policies such as taxation, “transfers, government expenditures, and other policies” (Terrones, 1991, p.179). The theory is predicated on the assumption that economic pressure groups have sufficient power to influence electoral outcomes if they act as a group instead of individuals. Failure of elected officials to act on the demands of such groups can cause the defeat or the removal of the incumbent government (Terrones, 1991, p.179).

3.4 Criticisms of Pressure Group Theory

Kowtowing to the demands of pressure groups can be detrimental to fiscal and macro-economic management. Putting pressure on policymakers and politicians on key fiscal policies such as taxation, transfers and public spending can have deleterious impact on the economy in the medium to long-term. Again, demands on government to reduce or relax in the collection of certain taxes, fees or charges may lead to loss of revenue and the corresponding huge budget deficit and unsustainable debt levels. Further, pressure from various groups for increased fiscal spending and transfers can lead to fiscal excesses and macro-economic instability. Thus, to sum up, pressures and demands on government from economic groups and individuals as propounded by the pressure group theory can expose the economy to various macro-economic risks.

3.5 Rational Partisan Theory

According to Alesina and Roubini (1992), rational partisan theory departs from the preceding ones in two important ways. First, the assumption of economic agents' rationality makes real economic activity less directly and predictably influenced by both fiscal and monetary policy. Second, voters' rationality implies that they cannot be systematically 'fooled' by policymakers and opportunistic politicians (Alesina & Roubini, 1992, p.664). In many jurisdictions, particularly in the advanced countries, voters often punish incumbents who try to manipulate fiscal or monetary policy to influence the outcome of elections in their favour. The well-informed voters in those developed countries monitor the economic and fiscal performance of policymakers and politicians in the run-up to elections. Incumbents who prudently and judiciously manage the economy and public finances are rewarded at the polls while fiscally delinquent politicians are punished. Moreover, in most of these countries, there are effective mechanisms of safeguarding the integrity of fiscal policy against the marauding political elites and their policymakers who may desire to manipulate the economy for the purposes of re-election. These safeguards include the use of watchdog institutions and appropriate legislative, legal and constitutional structures.

3.6 Political Business Cycles (PBC)

The theory of Political Business Cycles (PBC) was pioneered by Kalecki (1943) and the work of Nordhaus (1975). The major plank of the theory is its discussions of the relationship between democratic institutions and macro-economic policy management, particularly fiscal policy (Terrones, 1992; Cargill & Hutchinson, 1991, p.733). According to these scholars, the core

premise of the theory is that in a democracy, during elections, incumbent governments may have an incentive to attempt to manipulate the economy especially fiscal policy to increase their chances of re-election (Terrones, 1991, Cargill & Hutchinson, 1991). The incumbent may adopt fiscal policy measures that would promote economic growth and stability prior to election time (Terrones, 1991, p.182). In some circumstances, in order to create the perception of efficient management of the economy, incumbents often try to stimulate the economy by engineering temporary fiscal booms close to the election period (Alesina & Sachs, 1988; Terrones, 1991). This is to fool the voters as they head to the polls to elect their representatives. In explaining this theory further, Lockwood, Philippopoulos and Tzavalis' model (2001) claims that, when approaching the end of their electoral tenure, all "administrations over-spend, under-tax and hence over-borrow with the view to swaying voters to a certain direction (Lockwood, Philippopoulos & Tzavalis, 2001, p.254). The Nordhaus model (1975) suggests that, incumbents suffer vote losses in an election if economic conditions, particularly fiscal policy deteriorate, relative to expectations and vice-versa (Nordhaus, 1975, p.172). Thus, it is expected that a perfect democratic political system is the one with retrospective evaluation of parties that make fiscal policies and decisions biased against future generations (Nordhaus, 1975, p.187). In this regard, the incumbent's term in office is characterised by a "predictable pattern of policy, starting with relative" fiscal austerity in early years and ending with" fiscal feast right before elections to appease and even deceive the voters of its fiscal and macro-economic performance (Nordhaus, 1975, p.187). The theory suggests that in those circumstances, policymakers' "concern with loss of reserves and balance of payments deficits will be greater in the beginning of electoral regimes and less toward the end" (Nordhaus, 1975, p.188).

Alesina and Roubini (1992) suggest that, in this theory, there is an asymmetry of information between politicians and voters. Thus, policymakers are very much aware of their competence and capabilities in managing the economy, but the voters are not aware of that. Politicians take advantage of this information asymmetry by trying to appear as competent as possible before elections (Alesina & Roubini, 1992, p.666).

3.7 Criticisms of Political Business Cycle

The theory is inconsistent with rational behaviour on the part of both economic agents and voters (Cargill & Hutchinson, 1991, p.733). Alesina and Rosenthal (1989) argue that, contrary to the claims of the theory, voters cannot be routinely and easily fooled by incumbent government because as humans, they have rational expectations, therefore manipulating the economy will have no effect on their decisions (Alesina & Rosenthal 1989). Furthermore, in many democracies particularly in OECD countries, voters choose the candidate who is rationally expected to deliver the highest utility, if elected (Alesina & Roubini, 1992, p.665). Therefore, it will be counterproductive for incumbents to try and manipulate the economy, particularly fiscal policy.

Moreover, given voters' rationality and awareness of the politicians' motives, incumbent governments are limited in their 'opportunistic' behaviour with regard to economic management during election period. Thus, the resulting cycles are more short-lived and less regular (Alesina & Roubini, 1992, p.666). Rogoff and Sibert (1988) opine that, incumbent government's attempts at pleasing the public before elections by raising transfers or by lowering taxes is the most robust empirical characteristic of the electoral cycle. They enquire: why should voters prefer election candidate who is distorting tax policy and tax administration for the sole purpose of re-election?

and “why should such actions suggest that the incumbent will do a good job over the course of the coming term?” (Rogoff & Sibert, 1988, p.1).

3.8 Application of the PBC

I intend applying the theory of Political Business Cycles to explain democratic elections and fiscal management in Ghana’s Fourth Republic. The applicability of the theory to this study stems from the apparent behaviour of incumbents with regard to fiscal policy management during elections in Ghana under the Fourth Republic.

In Ghana, there is the widespread belief that incumbents used various fiscal institutions and tools to interfere with fiscal management during elections from 1992 to 2016. The Ministry of Finance and Economic Planning (MOFEP) and its major agencies and allied institutions such as the Ghana Revenue Authority (GRA) and the Controller and Accountant General’s Department (CAGD) are the key institutions that are perceived to be used by elected leaders to manipulate fiscal policy during elections for the purpose of getting re-elected. These institutions are ably supported by the central bank, which is the foremost monetary authority of the state. The Bank of Ghana (BoG) is seen to be providing the needed monetary policy support to the Ministry of Finance and its agencies to achieve the political objectives of the executive during election periods. Cargill and Hutchinson (1991) claim that, although in many democracies including Ghana, central banks are by law independent, key officials of the institution such as the Governor, his deputies and the board are appointed by the executive arm of the state, thereby undermining their independence and neutrality. For instance, in the case of Ghana, the BoG Governor and his two deputies are all appointed by the President and this potentially opens up

the floodgates for the use of various monetary tools by the central bank to support the manipulation of fiscal policy for electoral purposes during elections (Cargill & Hutchinson, 1991, p.733). The PBC will be deployed in this study to test these propositions.

Finally, this study will investigate other key assumptions of the PBC. In this regard, the study will examine whether Ghanaian voters in the Fourth Republic are myopic or rational in their political choices during elections vis-à-vis the incumbents' manipulation of fiscal policy.



CHAPTER FOUR

RESEARCH METHODOLOGY

4.1 Introduction

This chapter focuses on the methodology of the study. Silverman (2013) describes methodology as “the choices researchers make about cases to study, the methods of data gathering, and the forms of analysis in planning and executing a research study” (Silverman as cited in Pimpong, 2017, p.93). In social science, researchers utilise various procedures and processes of research methodology to carry out their work of investigating, “describing, explaining and predicting phenomena” (Almalki, 2016, p.290). According to Crotty (1998), methodology provides the researcher not only with the appropriate approach and focus but also helps him to direct the study towards achieving its primary objectives. In simple terms, methodology is the process through which researchers identify and determine the suitable methods that will be used to address their specific research questions (Crotty, as cited in Almalki, 2016). Consequently, in this chapter, key aspects of the methodology including data collection, population, sample, sample size, sampling technique, instrument of data collection, and instrument of data analysis are discussed. The chapter also examines the necessary justifications and philosophical underpinnings of the method of data collection used in the study. Finally, challenges, limitations and ethical considerations related to the fieldwork are discussed as well (Pimpong, 2017, pp.93-94).

4.2 Research Paradigm

I will use the mixed methods approach to investigate the connection between elections and fiscal policy management in Ghana's Fourth Republic. In social science, mixed methods strategy transcends the regular boundaries of conventional approaches of research because of its intentional combination of diverse methods drawn from various traditions with different "underlying assumptions" (Brannen, 2005; Denscombe, 2010, p.137). Scholars such as Johnson and Onwuegbuzie (2004), Hall and Ryan (2011) and Onwuegbuzie and Johnson (2006) suggest that, mixed methods entails the use of both quantitative and qualitative methods of research in a single study to "answer the various research questions instead of constraining or restricting the researchers' choices" towards only one approach (Johnson & Onwuegbuzie, 2004, p.17; Hall & Ryan 2011; Onwuegbuzie & Johnson, 2006, p.51). Thus, in broad terms, mixed methods strategy in social science research uses both qualitative and quantitative research "techniques, methods, approaches, concepts or language into a single" inquiry to study a phenomenon and achieve the goals of the inquiry (Johnson & Onwuegbuzie, 2004, p.17). In this method, data collection "involves gathering both numeric information (e.g., on instruments) as well as text information (e.g., on inter- views) so that the final database represents both quantitative and qualitative information" (Creswell, 2003, p.20). Berg (2007) is of the view that, historical analysis, "document and textual analysis" are vital components of the qualitative method which can be combined with various aspects of quantitative approaches to solve research problems (p.4).

An important advantage of mixed methods is that it serves as a bridge between both qualitative and quantitative methods of enquiry. In this regard, the approach "resides in the middle" of the continuum and the incorporation of quantitative and qualitative elements and approaches in a

study “provides a more complete understanding of a research problem than either approach alone” (Creswell, 2014, p.32). As an emerging third force in political and social science research, mixed methods is “inclusive, pluralistic”, expansive, complementary and does not seek to limit the researcher in the process of carrying out his investigations (Johnson & Onwuegbuzie, 2004, p.17). Another major advantage of this method is that, it utilises the strengths of both qualitative and quantitative methods and therefore minimises the limitations of each of the two methods since in many respects both have antithetical features (Brannen, 2005; Onwuegbuzie & Johnson, 2006, p.48). Thus, in a study, the strengths of one method may easily overcome most of the weaknesses of the other. Creswell (2003) points out that, diverse types of data collected in mixed methods enquiry best provide “an understanding of a research problem” and thereby helps in answering the research questions (p.21). Moreover, the approach can help “answer a broader and more complete range of research questions because the researcher is not confined to a single method or approach” (Johnson & Onwuegbuzie, 2004, p.21). Denscombe (2010) is of the view that, using mixed methods strategy to study a phenomenon can enhance confidence in the accuracy of the findings and the conclusion because in a study each of the methods can be deployed to check the other. For instance, “words, pictures, and narrative can be used to add meaning to numbers” and at the same time numbers can also “be used to add precision to words, pictures, and narrative” thereby improving the confidence and accuracy of the findings and the conclusions (Johnson & Onwuegbuzie, 2004, p.21; Denscombe, 2010). Thus, combining the two research paradigms in my study on elections and fiscal policy management in Ghana’s Fourth Republic will help me utilise the benefits of both paradigms while overcoming their flaws and thus enrich the accuracy of my findings and conclusions.

Furthermore, Johnson, Onwuegbuzie and Turner (2007) argue that, in any academic study, the mixed methods approach tries to encompass various “viewpoints, perspectives, positions, and standpoints,” before arriving at a conclusion (p.113). This often offers a more complete and comprehensive picture of the issues under investigation and therefore enhances the findings of the study (Denscombe, 2010). As a result, using mixed methods approach in this study will enable me incorporate different standpoints, positions and perspectives in my investigations into the relationship between democratic elections and fiscal policy management in Ghana. These viewpoints include those of politicians, senior and middle level technocrats, academics, particularly those whose works relate to my study, captains of industry, members of the trade unions and ordinary Ghanaian voters. Collating different viewpoints through both qualitative and quantitative approaches will arm the study with diverse data for meaningful interpretation, analysis and discussions.

Finally, in this study, both quantitative and qualitative data will be collected concurrently in line with the mixed methods approach. This will enable me collect the data in one instance instead of visiting the field on many occasions. Collecting the data concurrently will guarantee efficiency both in terms of financial and time management for me and the various respondents (Creswell, 2009, p.206). Creswell (2003) postulates that, mixed methods data collection entails a broad survey to generalise results to a population, and detailed qualitative, open-ended interviews to collect detailed views from participants (p. 21).

4.3 Sources of Data Collection

Scholars such as Barakso, Sabet and Schaffner (2014) and Halperin and Heath (2012) argue that, in social science inquiry, the researcher has multiple sources of data. He can either collect the

data himself (primary data) or use data collected by others (secondary data) or use the combination of both to undertake his study (Barakso, Sabet & Schaffner, 2014; Halperin & Heath, 2012). In this regard, secondary data may include “statistical sources, oral histories, memoirs, newspapers, government documents, public opinion surveys and interviews” (Halperin & Heath, 2012, p.175). They further posit that, in social and political science research “any data collation method can be used for any type of research design” and therefore no single source of data has a complete advantage over the other (p.175). Moreover, “various combinations of methods might be complementary and used in tandem” with practical limitations such as time, money, skills, ethical concerns being the major considerations in making choices and calculations on all the available methods (Halperin & Heath, 2012, p.175). Thus, in this study, I will obtain my data from both primary and secondary sources to investigate the interplay between democratic elections and fiscal management in Ghana’s Fourth Republic. Combining both primary and secondary data sources will minimise the impact of biases inherent in secondary data (Asa-Asante, 2015). Kothari (2004), describes primary data as “those which are collected afresh and for the first time, and thus happen to be original in character” while “secondary data, on the other hand, are those which have already been collected by someone else and which have already been passed through the statistical process” (p.95).

4.4 Primary Data

4.4.1 Survey

Burgess (2001) postulates that, the strength and credibility of research analysis “depend on good quality data that in turn stems from good design of the data collection instrument, i.e. the

questionnaire, and of the collection procedures” (p.1). This study will thus use survey as a primary source of data collection to investigate the relationship between democratic elections and fiscal policy management in Ghana’s Fourth Republic. In data collection, survey research uses “samples of persons contacted by interviewers who ask prescribed questions of respondents and record their answers” (Groves, 1990, p.221). After the data has been collected and recorded, the researcher usually codes the answers “into numerically labelled categories and with the aid of statistical software” such as SPSS and Word Excel, performs quantitative analysis of the data to test theoretical assertions and answer the research questions (Groves, 1990, p.221). Halperin and Heath (2012) surmise that, in survey research, respondents must be representative of the population under study, and instruments “composed of closed or open- ended items (questions)” can be used to gather data (p.175) for the analysis. In simple terms, survey involves translating the broad objectives of the study into questions, designing a questionnaire, sampling or selecting the people to be interviewed, collecting the data through the questionnaire or interviews and coding and inputting the responses (Halperin & Heath, 2012, p.175). Thus, in social science research, surveys are conducted mainly through questionnaire administration (www.hubpages.com as cited in Asah-Asante, 2015, p.142). In this regard, two questionnaires will be administered for my study on the possible linkage between democratic elections and fiscal policy management, and both the SPSS and Word Excel will be used to analyse the data.

The first questionnaire (i.e. Questionnaire One) will be used to gather the views of registered Ghanaian voters on how incumbents’ fiscal policy management during elections affects their choices at the polls.

The second questionnaire (i.e. Questionnaire Two) will be used to gather the views of politicians, policymakers, experts and other stakeholders on Ghana’s economy and the democratic process

started in 1992. These include captains of industry, relevant public officials including technocrats (both serving and former), relevant members of academia, trade unions and political parties. I will use Questionnaire Two to sample their views on how political decisions influence fiscal policy management in Ghana during election years and the implications on Ghana's economy and the well-being of the citizens. Interviewing these people is important because they have deeper understanding of issues relating to democratic elections and fiscal management in Ghana since the inception of the Fourth Republic in 1992.

4.5 Sampling Technique

Burgess (2001), Denscombe (2010) and Johnson and Joslyn (1991) point out that, in social science research the population is simply all the members of the group or items in the category of things that are being investigated and the "sample is a sub-set of the population that is usually chosen because" accessing all members of the population is often constrained by obstacles such as "time, money and other resources" (Burgess, 2001, p.4; Denscombe, 2010, pp.23-24). The most crucial issue in choosing the sample relates to whether the members or items being selected are representative of the research population (Backstrom & Hursh-Cesars, 1963; Burgess, 2001, p.4; Denscombe, 2010, pp.23-24). Kothari (2004) suggests that, in any study, the representativeness of the respondents (i.e. the sample) to the total population is the surest way of generalising the findings of the study to the study population (p.55). Consequently, the first questionnaire of this study will be administered on registered Ghanaian voters to help answer the various research questions and accomplish the broad objectives of the study. Thus, registered Ghanaian voters constitute the population of the study on democratic elections and fiscal

management in Ghana's Fourth Republic. Furthermore, stratified sampling techniques will be used to divide the population into various geographical groups, namely; Northern, Middle Belt and Coastal areas. Subsequently, respondents are randomly selected for data collection and the results extrapolated to the general Ghanaian voting population. According to Kothari (2004), "under stratified sampling, the population is divided into several sub-populations that are individually more homogeneous than the total population... and then we select items from each stratum to constitute a sample" (p.62). He surmises that, "since each stratum is more homogeneous than the total population, we are able to get more precise estimates for each stratum and by estimating more accurately each of the component parts we get a better estimate of the whole" (Kothari, 2004, p.62). In a nationwide study, stratified sampling is mainly used to ensure that adequate numbers of people (or part of the population) are selected from different regions of the country to be represented in the research sample so that the results can be generalised to the whole population under study (Halperin & Heath, 2012, p.244; Denscombe, 2010; Backstrom & Hursh-Cesar, 1963). Similarly, Creswell (2014) points out that, stratify sampling requires that specific characteristics of the population (such as gender, geographical location, nationality etc.) are identified so that the population can be stratified first before selecting the required sample (Creswell, 2014). Afterwards, simple random sampling is used to collect data from the respondents. "Random sampling from a finite population refers to that method of sample selection which gives each possible sample combination an equal probability of being picked up and each item in the entire population" also has "an equal chance of being included in the sample" (Kothari, 2004, p.60). The results can then be generalised to the whole population being studied (Backstrom & Hursh-Cesar, 1963).

For the second questionnaire (Questionnaire Two), I will use purposive sampling technique. Kothari (2004) explains that, in purposive sampling, the researcher has the freedom to select the items for the sample and “his choice concerning the items remains supreme” (p.59). Again, the researcher “purposively chooses the particular units of the universe for constituting a sample on the basis that the small mass that they so select out of a huge one will be typical or representative of the whole” (Kothari, 2004, p.59). Teddlie and Yu (2007) argue that, purposive sampling techniques are mainly used in social science research. The sampling method usually focuses on the selection of “units (e.g., individuals, groups of individuals, institutions) based on specific purposes associated with answering a research study’s questions” (p.77). In simple terms, purposive sampling can be described as a type of sampling technique in which “particular settings, persons, or events are deliberately selected for the important information they can provide that cannot be gotten as well from other choices” and sources (Maxwell, 1997, p.87, as cited in Teddlie & Yu, 2007). Thus, I will use purposive sampling to enable me gather data from targeted groups with in-depth understanding of the workings and management of the Ghanaian economy and its interaction with the democratic process, particularly the quadrennial presidential and parliamentary elections. Data gathered from these groups and individuals will provide in-depth understanding on the relationship between elections and fiscal policy management in Ghana. Moreover, this sampling strategy will enhance my understanding on the experiences of various individuals, groups and institutions regarding fiscal policy management during elections in Ghana (Devers & Frankel, 2000, p.264).

4.6 Sampling Design

For the second questionnaire, key officials from the private and public sectors in Ghana (both past and present) who are either stakeholders or have direct links with the management of fiscal policy and public finances from 1992 to 2016, constitute my population.

4.6.1 Sample Size

In all, 50 officials from various institutions will be sampled for the study. Below is the breakdown in Table 1.

Table 1: The sample of the interviewees

Institutions	Number of People (Interviewees)
Ministry of Finance	2
Bank of Ghana	2
Ghana Revenue Authority	2
Controller and Accountant General's Department	2
Ghana Audit Service	2
Association of Ghana Industries	1
Members of Parliament (Past and Present)	5
Members of Cabinet (Past and Present)	5
National Democratic Congress	5
New Patriotic Party	5
Trades Union Congress	1

Department of Political Science, UG	3
Department of Economics, UG	3
IDEG	1
IFS-Ghana	3
IEA	2
ISSER	2
CDD	1
ACET	1
IMF	1
World Bank	1

Author's Construct

4.6.2 Justifications

The first questionnaire (Questionnaire One) targets Ghanaian registered voters. Consequently, five constituencies from three main geographical areas of the country represent the population of the study. These constituencies include Sagnarigu Constituency from the Northern part of the country, Asawase and Manhyia South constituencies from the Middle Belt and Abokobi-Madina and Ayawaso West Wougou constituencies from the Coastal areas.

Sagnarigu Constituency, which is located in the Tamale Metropolitan district of Northern Region, is predominantly inhabited by Dagombas and other ethnic groups from different parts of the northern regions (Wikipedia, 2019). Thus, in this study, it represents the voting population of the Northern part of Ghana. Conversely, Asawase Constituency is located in the Kumasi Metropolitan district of the Ashanti Region (Wikipedia, 2019). It is mainly inhabited by the

settler Muslim communities mostly from the northern part of the country. It also has a very large Ashanti/Akan population. This constituency therefore represents the Middle Belt of the country in this study. Similarly, Manhyia South constituency is also located in the Kumasi Metropolitan district of the Ashanti Region (Wikipedia, 2019) and is mostly inhabited by the Ashanti/Akan ethnic group. It also represents voters from the Middle Belt of the country. On the other hand, Abokobi-Madina is located in the Ga East District of the Greater Accra Region (Wikipedia, 2019). The constituency is inhabited by various ethnic groups. These include Ga Adangme, Ewe people, Akans and various northern groups. It represents the Coastal zones of the country in this study. Finally, Ayawaso West Wougon Constituency is located in the Accra Metropolitan Area of the Greater Accra Region and is also largely inhabited by Ga Adangme, Ewe people and Akans (Wikipedia, 2019). Again, it has a large intellectual and student population because the University of Ghana is located within the constituency. It also represents the Coastal zones of the country in this study.

Further, fifty (50) respondents are selected from each of these constituencies for the study. This will bring the total number of respondents for the Questionnaire One to 250. Data gathered on these respondents will be generalised on the entire voting population of Ghana to determine the relationship between democratic elections and fiscal policy management.

For Questionnaire Two, the institutions and groups captured in Table One above have been selected because of their involvement and deeper understating of the management and performance of fiscal policy and its relationship with the democratic process particularly the election cycle from 1992 to 2016. While some of them are key stakeholders in the management of the national economy, others are mandated by the 1992 Constitutions and other relevant statutes to demand transparency and democratic accountability on the management of the

nation's financial resources. They therefore play the role of fiscal watchdogs on elected leaders, particularly the executive arm of government and its policymakers who are mandated by law and the constitution to allocate and distribute financial resources across all sectors of the Ghanaian economy.

The Ministry of Finance and Economic Planning (MOFEP), which is the foremost fiscal agency in Ghana, is responsible for the preparation and management of the “annual national budget and financial statement of Government” (www.mofep.gov.gh, 2018). In addition, MOFEP is in charge of effective mobilisation and efficient allocation of financial resources across all sectors of the Ghanaian economy. Thus, it spearheads efforts at domestic revenue mobilisation and management of public expenditure (www.mofep.gov.gh, 2018). Headed by the minister of finance and his deputy (or deputies), MOFEP formulates and implements fiscal policies on behalf of the President and his cabinet. Thus, it is a key stakeholder in Ghana's fiscal management and public finances and therefore officials of the ministry have adequate understanding of the issues under investigation.

Closely related to MOFEP is the Bank of Ghana (BoG) which is in charge of both the financial sector and the management of monetary policy in Ghana. By virtue of that, it plays a complementary role with the Ministry of Finance in managing the national economy. The BoG complements fiscal policy by using appropriate monetary measures and policies to maintain and promote the stability of the value of the national currency, create favourable balance of payments and rein in inflation and inflationary pressures (www.bog.gov.gh, 2018). Therefore, officials of the agency will shed light on the discussions of the linkage between democratic elections and fiscal policy management in Ghana.

The Ghana Revenue Authority (GRA), the Controller and Accountant General's Department (CAGD) and the Ghana Audit Service are all institutions empowered by the laws of Ghana to play various roles in the nation's economic and public financial sectors. While the GRA is in charge of the mobilisation of domestic revenue, the CAGD plays a crucial role in assisting the ministry of finance in the payment process. The Audit service is in charge of the auditing and accountability process of public funds disbursed by the ministry of finance through the CAGD and the BoG. For instance, the Financial Administrative Act, 2003 (Act 654) empowers the Controller and Accountant-General's Department to play various functions in conjunction with other financial agencies in the management of the nation's fiscal policy and public finances. These include receipt of all "public and trust monies payable into the Consolidated Fund," provision of "secure custody of public and trust monies....,disbursements on behalf of the government," paying salaries, wages and allowances of all public sector workers, paying all pension and gratuity for civil service and establishing accounts for public institutions (www.cagd.gov.gh, 2018). Moreover, the CAGD is tasked by the state to demand accountability on the use of public funds. Thus, it is mandated to keep, prepare, render and publish "financial statements on the Consolidated Fund of Ghana" and also promote the development of "efficient accounting systems in all government departments" and agencies (www.cagd.gov.gh, 2018). By virtue of these and other roles, officials of the CAGD will be in a position to offer vital contribution to my study on the management of fiscal policy during elections in Ghana.

On its part, the Audit Service, which is a constitutional body under the direction of a seven (7) member governing board and leadership of the Auditor General, also plays crucial role in the management of fiscal policy and public finances. It is mandated by law to "audit the public accounts of Ghana and all public offices including Metropolitan, Municipal and District

Assemblies, public corporations and organisations established by an Act of Parliament and report the findings to Parliament” (www.ghaudit.org/web, 2018). The Audit Service is therefore seen as the Supreme Audit Institution (SAI) of Ghana with the power to monitor and demand accountability on the use of state funds and other resources (www.ghaudit.org/web, 2018). The 1969 Constitution gave it oversight powers “to promote good governance, ensure accountability and transparency” in the management of financial resources and Article 187 (2) of the 1992 Constitution reaffirms this authority (www.ghaudit.org/web, 2018). As a result, seeking the views of officials of the Audit Service will enhance the discussions of various issues of public financial accountability and transparency in this study.

Furthermore, the AGI is the foremost umbrella organisation for Ghana’s private sector operators. They are one of the biggest stakeholders in the management of the Ghanaian economy and therefore will have adequate understanding of issues relating to fiscal policy management, particularly its interface with the democratic process. Moreover, as the leading voice of manufacturing industries in the country and an advocate on economic and financial policies that promote growth and development of Ghanaian industries, officials of AGI will offer meaningful contribution on the subject of fiscal policy and the democratic process (www.fortuneofafrica.com/ghana/association-of-ghana-industries-agi/, 2018).

Moreover, the Parliament of Ghana under the Fourth Republic is one of the principal institutions for fiscal policy management. Chapter thirteen (13) of the 1992 Constitution “vests the control of all public funds (power of the public purse) in Parliament” (<https://www.parliament.gh>, 2018). The legislature is responsible for the Appropriation Bill of the government and therefore central to the management of the national economy. It also passes loans and other financial agreements

between the government and other foreign institutions, agencies and governments (<https://www.parliament.gh>, 2018). Furthermore, Parliament exercises oversight on the Executive including on matters relating to fiscal management. Thus, this critical function of Parliament makes it one of the central stakeholders on issues relating to fiscal policy management during elections in Ghana. Contributions from Members of Parliament will immensely enhance my discussions on the relationship between fiscal policy management and democratic elections in Ghana's Fourth Republic.

Closely related to the functions of Parliament is the Cabinet, which is responsible for providing both political and economic policy direction to the rest of the government and the state. These economic policies include fiscal policy management and the management of public finances. Again, as the key arm of the executive, Cabinet also oversees the execution of political decisions on the economy, particularly during elections ([www.wikipedia.org/wiki/Cabinet of Ghana](http://www.wikipedia.org/wiki/Cabinet_of_Ghana), 2018). Therefore members of Cabinet can shed more light on the relevant issues under investigation.

Similarly, the Trades Union Congress (TUC) is the umbrella organisation for the Ghanaian labour and therefore central to some of the fiscal decisions governments take since the democratic transition of 1992. Moreover, they are one of the key stakeholders of the Ghanaian economy, given the regular wage negotiations between them and the government. Their importance in this study is also explained by the huge percentage of government revenue used in the payment of compensation to public sector workers at the end of every month and the risks it poses to fiscal policy management. As the main umbrella organisation for trade union activities in Ghana, the TUC works to ensure economic and social justice through improved wages and other favourable working conditions for government workers (www.ghanatuc.org/about.html,

2018). This has grave implications on fiscal policy management, particularly during election years. As a result, their members can provide important insight into this study.

The NDC and the NPP are the two leading political parties that have so far tested power in the country since the inception of the 1992 Constitution. They therefore have a good insight into the workings of the economy and fiscal policy, given their records and activities in government in the past two and half decades.

Further, IDEG, IFS-Ghana, ISSER, IEA, CDD, and the Departments of Economics and Political Science of the University of Ghana are among the top academic institutions and think-tanks in the country that are knowledgeable on the issues under study. Over the years, these institutions have conducted numerous academic studies on Ghana's political economy, elections and fiscal policy management. Consequently, seeking their opinions will enhance the discussions and analysis of this study.

Finally, for decades, the IMF and World Bank through their local officials have been central in the management of fiscal policy in Ghana through their macro-economic stabilisation programmes and other budgetary supports. Again, as a member, the IMF carries out the regular Article 1V Consultation to gauge the health of the Ghanaian economy and offer crucial policy advice. Therefore, interviewing them will be a useful addition to this study.

4.7 Open and Close-ended Questions

This study will use both open and close-ended questions in data collection. Neuman (2007) explains that, open-ended questions are unstructured and therefore provide more freedom for the

respondent to express himself. For open-ended questions, respondents are at liberty to give any answer to questions from the researcher (Neuman, 2007). On the other hand, close-ended questions are structured and therefore the respondent is obliged to provide fixed responses to the questions, often provided by the researcher (Neuman, 2007). The use of both open and close-ended questions in this study will help minimise the weaknesses of each of them and therefore utilise their strengths and benefits. Neuman (2007) argues that, combining both types of questions “offers a change of pace and helps interviewers establish rapport” with the interviewees (p.179). He stresses that, “periodic probes (i.e. followed up questions by interviewers) with close-ended questions can reveal a respondents reasoning” (Neuman, 2007, p.179). This can thus enhance the quality and integrity of the data collected.

4.8 Secondary Data

Kothari (2004) observes that, secondary data can be sourced from either published or unpublished materials. Published data in his view include those in...

- (a) various publications of the central, state and local governments;
- (b) various publications of foreign governments or of international bodies and their subsidiary organisations;
- (c) technical and trade journals;
- (d) books, magazines and newspapers;
- (e) reports and publications of various associations connected with business and industry, banks, stock exchanges, etc.;
- (f) reports prepared by research scholars, universities, economists, etc. in different fields; and
- (g) public records and statistics, historical documents, and other sources of published information. (Kothari, 2004, p.111)

Furthermore, unpublished data “may be found in diaries, letters and unpublished biographies and autobiographies” and other sources (Kothari, 2004, p.111). The data may also be available with scholars and research workers, trade associations, labour bureaus and other public/ private individuals and organisations (Kothari, 2004, p.111). In this study, I will analyse secondary data from the following to determine the connection if any, between elections and fiscal policy management in Ghana from 1992 to 2016.

1. Reports from the International Monetary Fund (IMF), the World Bank and other international financial institutions relevant to the performance of the Ghanaian economy. These include various reports on IMF-supported macro-economic stabilisation programmes since 1992.
2. Relevant reports from both the Ministry of Finance and Economic Planning (MOFEP) and the Bank of Ghana (BoG) will be interrogated; especially the annual Budget Statement and Economic Policy of Government of Ghana, the Annual and the Monetary Policy Committee (MPC) reports of the BoG.
3. Research papers and reports from Ghana’s major political and economic think-tanks, namely; the Institute of Economic Affairs (IEA), Institute for Fiscal Studies (IFS-Ghana), African Centre for Economic Transformation (ACET), Institute of Statistical, Social and Economic Research (ISSER), Centre for Policy Analysis (CEPA), Centre for Democratic Development (CDD) and Institute for Democratic Governance (IDEG). Creswell (2014) stresses that, in the “process of research, the investigator may collect qualitative documents” from various sources to help in his analysis (p.239). These may include “public documents (e.g., newspapers, minutes of meetings, official reports) or private documents (e.g., personal journals and diaries, letters, e-mails)” (Creswell, 2014, p.239).

4.9 Concurrent Triangulation Strategy

I will use the concurrent triangulation strategy of mixed methods approach in data collection and analysis for this study. Halperin and Heath (2012) argue that, concurrent “triangulation yields more complete data and results in more credible findings” and also “enables researchers to find agreement between different perspectives” (p.178). According to them, the strategy involves the use of “different research methods to study a single research problem” and “a comparison of the results of these different methods can enable a researcher to identify whether differences are due to biases in one or another of these methods” (Halperin & Heath, 2012, p.177-178). Creswell (2009) describes this approach as “confirmation, disconfirmation, cross-validation, or corroboration” (Creswell, 2009, p.213). Consequently, in this study, both qualitative and quantitative data will be collected concurrently and the two databases will be compared to determine whether or not there is convergence of results.

Triangulation methods have many benefits and strengths for academic enquiry in the social sciences. For instance, the approach increases the researcher’s “understanding of the study phenomenon”, enhances the study’s accuracy and therefore serves as one of the validity measures (Hussein, 2009, p.2). Thus, the combination of different methodological approaches, data sources, and analysis methods in this study will not only bring out the various viewpoints and perspectives of the different respondents on the linkages between democratic elections and fiscal policy management but also improve the credibility of the findings and conclusions. Halperin and Heath (2012) emphasise that, the use of multiple sources of data and methods of data collection through the triangulation strategy enables the researcher to “approach a research problem from different angles” and the evidence gathered therein “increases the reliability of the data and the process of gathering it” (p.177). Moreover, they surmise that, “in the context of data

collection, triangulation serves to corroborate the data gathered from other sources and therefore the use of different data sources can enable researchers to cross-check findings” (Halperin & Heath, 2012, p.177- 178).

4.10 Data Analysis

Data analysis involves interpreting the various primary data gathered from the field of study. Pimpong (2017) argues that, data analysis encompasses the techniques of “categorising, scrutinising, tabulating and integrating information in order to address the initial objectives of the study” (p.111). Data analysis simply “involves a number of closely related operations which are performed with the purpose of summarising the collected data and organising these in such a manner that they answer the research question(s)” (Kothari, 2004, p.122). Thus, in this study, both the primary and secondary data will be analysed based on the research questions and the objectives of the study. The primary data gathered will be analysed using statistical tools, particularly simple frequency tables, bar charts, pie charts and percentages. In this regard, the various responses will be categorised, coded and analysed. Modern computer softwares, particularly Word-Excel and the Statistical Package for the Social Sciences (SPSS) will be used for the data analysis (Burgess, 2001; Daniel, 2016; Agomor, 2015, p.63). Both the SPSS and the Word-Excel will be used to generate the relevant statistical charts, figures and tables for the analysis of this study (Brent, 1989; Agomor, 2015). Again, a cross-tabulation analysis of the various variables of the study will be conducted through the aid of SPSS to explain the relationship where necessary “between the demographic characteristics of the study sample and the responses” (Asah-Asante, 2015, p.147).

On the other hand, I will analyse the data from the secondary sources to support the evidence gathered from the primary sources. Again, the analysis of the secondary data will complement that of the primary data and helps in offering varied viewpoints and opinions on the interplay between democratic elections and fiscal policy management in Ghana's Fourth Republic.

4.11 Ethical Considerations

In social science, researchers often find themselves in a dilemma over issues relating to morality and ethics (Gallagher, Creighton & Gibbons, 1995; Dominelli & Holloway, 2008; Bailey, 1988; Bartels, 1897). This moral quandary brings to the fore the need for ethical considerations and guidelines to “balance what they can do and what is morally reasonable to do” (Richterich, 2018, p.33). Kaufman and Ramarao (2005) assert that, in data gathering, the social science researcher must seek to maximise the benefit and minimise the risk of the study to the individual, the society and the state. Thus, risks relating to “deception, psychological harm, breach of confidentiality, or misrepresentation of research” should be minimised or if possible eliminated from the study (Kaufman & Ramarao, 2005, p.152-153). Again, there must be principles of justice which relate to issues of equity and fair treatment of all persons including “the minority, underprivileged or impaired groups” in all aspects of the study (Kaufman & Ramarao, 2005, p.153).

Singer, Von Thurn and Miller (1995) argue that, an assurance of confidentiality from the researcher to the participants during data collection has the tendency towards facilitating responses, particularly if the issues are sensitive. Thus, in this study, ethical principles including those of informed consent, privacy, transparency, self-responsibility, security and unbiased data

will be adhered to (Richterich, 2018, p.33). This is to safeguard the integrity of not only the data gathered but also the entire study.

4.11.1 The Right to Privacy

Ruebhausen, and Brim (1965) point out that, the right to privacy encompasses two fundamental (and often opposing) issues. These include the “right to be let alone” and “the right to share and to communicate” (Ruebhausen, & Brim 1965, pp. 1188-1189). Thus, in data gathering, respondents have the right to communicate and at the same time the right to withhold certain information they think are sensitive or personal. These issues of disclosure and non-disclosure embedded in the right to privacy facilitate the protection of human dignity and fundamental human rights as defined by various local and international conventions and protocols (Ruebhausen & Brim, 1965, pp.1189-1190). Scholars such as Fuster (2014) and Glenn (2003) (as cited in Richterich, 2018) stress that, in many democratic societies across the world the right to privacy is a core component of civic rights of citizens firmly protected by national constitutions. However, in some countries the researcher may collect data that “contain information that could be used to identify a person, termed ‘personally identifiable information’ in United States’ legislation” (Wessels et al. 2017, p.143). This may violate privacy rules which demand the full protection of the identity and anonymity of research participants (Wessels et al., 2017). My study will therefore fully comply with all the available protocols on privacy in social science research including the respondents’ right to share and to conceal information.

4.11.2 Informed Consent

Consent issues are very essential for the protection of privacy in social science research. Consent issues in data gathering require that the researcher refuses “to engage in the probing of personality, attitudes, opinions, beliefs, or behaviour without the fully informed consent, freely given, of the individual person being examined” (Ruebhausen & Brim, 1965, p.1198). Hessler, Donnell-Watson and Galliher (2011) argue that, privacy relies heavily on informed consent or knowledge of the issues being investigated. Consequently, interviewees must be adequately apprised of the situation so that they can evaluate the risk that it poses to their privacy. This study will comply with all the issues relating to informed consent in the process of data collection.

4.11.3 Confidentiality

Ethicist, Cooper and McNair (2015) describe confidentiality as “the agreement to limit access to a subject’s information” (p.100). This may become necessary as a result of a “promise made by a researcher, an expectation of a subject or a legal requirement” (Ethicist, Cooper & McNair, 2015, p.100). Thus, confidentiality requires the researcher to “limit the dissemination of information about the subject” (Ethicist, Cooper & McNair, 2015, p.100). Confidentiality is distinct from privacy in many ways. While confidentiality deals with data, privacy issues focus on the subjects of investigation. Thus, confidentiality relates to the requirement or “agreements about how data are handled, whereas privacy is about people and their desire to limit access to themselves in ways that may or may not involve information” (Ethicist, Cooper & McNair, 2015, p.100). In data collection, intentional or unintentional breaches of confidentiality may lead to risk of harm on the subject of investigation. Thus, this study will apply all the necessary procedures and methods to guard against any breach of confidentiality in the collection of data.

4.11.4 University of Ghana Ethics Committee for Humanities

My study on the relationship between democratic elections and fiscal policy management will comply with all the rules of informed consent and other ethical issues discussed above. Consequently, I intend submitting the work to the University of Ghana Ethics Committee for Humanities (ECH) to offer their advice and direction on safeguarding the confidentiality and privacy of the respondents. Scholars such as Kjellström, Ross and Fridlund (2010), Paoletti (2014) and Zisk (1981) point out that, in recent times, many countries across the world have established ethics committees to provide ethical and moral guidelines for researchers. These institutions have titles such as the Institutional Review Board (IRB), Research Ethic Board (REB), and Research Ethic Committee (REC). Thus, “gaining authorization from such boards has become part of the ordinary activities in carrying out social science research” (Paoletti, 2014, p.167). Thus, the University of Ghana ECH will provide the necessary authorisation for me to carry out my study on “Democratic Elections and Fiscal Management in Ghana’s Fourth Republic.”

4.12 Challenges and Limitations

The field work of my study on democratic elections and fiscal policy management encountered some challenges and limitations. Principal among them was the challenge of getting respondents to answer my questionnaire. Respondents, particularly civil servants and other government employees used various bureaucratic excuses to frustrate efforts at getting the right answers to my questionnaires. Again, for fear of what they described as political retribution, some respondents particularly the voters were reticent in answering questions on their voting

behaviour. Moreover, some respondents for both my first and second questionnaires were unwilling to answer the questions, citing lack of time and busy schedules. Furthermore, others, particularly the voters, demanded monetary incentives before they would answer the questions. Lastly, other respondents, especially the voters refused to answer my questions citing economic hardship and accused me of working directly or indirectly for the state, which has over the period denied them their basic social and economic entitlements.



CHAPTER FIVE

DATA ANALYSIS

5.1 Introduction

Over the last two and half decades, Ghana's democracy has gone through seven competitive elections and three regime turnovers, far exceeding Huntington's "two turnover test" criterion for democratic consolidation (Moehler & Lindberg, 2009, p.145; Gyimah-Boadi, 2008; Beetham, 1994; Ayee, 2006). This impressive achievement has attracted widespread plaudits from international and local political observers (Centre for Democratic Development [CDD], 2009; GIGA, 2009), and the country is flaunted across the globe as a success story and an example of the effectiveness of democratic system of government across Africa and other developing countries (Rakner, Menocal & Fritz, 2007, p.11; CDD, 2015). However, this apparent triumph of democratic rule in Ghana has failed to translate into sustained economic accomplishment for the benefit of the state and the citizenry. A key stumbling block has been the problem of effective fiscal policy management since the inception of democratic rule under the Fourth Republic. This chapter examines the impact of democratic elections on fiscal policy management in Ghana's Fourth Republic using both primary and secondary data within the context of concurrent triangulation research method. The primary data centre mainly on the opinions and viewpoints of the two major targets of this research: voters and policymakers. The secondary data, on the other hand are based on various sources- government reports and other documentary materials. Based on these data, the study evaluates five general elections in Ghana under the

Fourth Republic, namely, 1992, 2000, 2008, 2012 and 2016, for evidence of the relationship between fiscal policy management and democratic elections in Ghana (Roberts & Legg, 1991).

This chapter is organised around two major themes of fiscal policy management in Ghana. These are domestic revenue mobilisation and public expenditure. In this analysis, domestic revenue refers to both tax and non-tax revenue such as government's fees, charges and levies while public expenditure refers to fiscal spending on wages, salaries, allowances and bonuses on public sector workers (sometimes collectively referred to as compensation); expenditure on infrastructure or capital expenditure and expenditure on social intervention programmes. Based on these variables, the study measures the correlation between democratic elections and fiscal policy management, answers the various research questions, and tests some of the assumptions of the Theory of Political Business Cycles (PBC) on which this study is anchored.

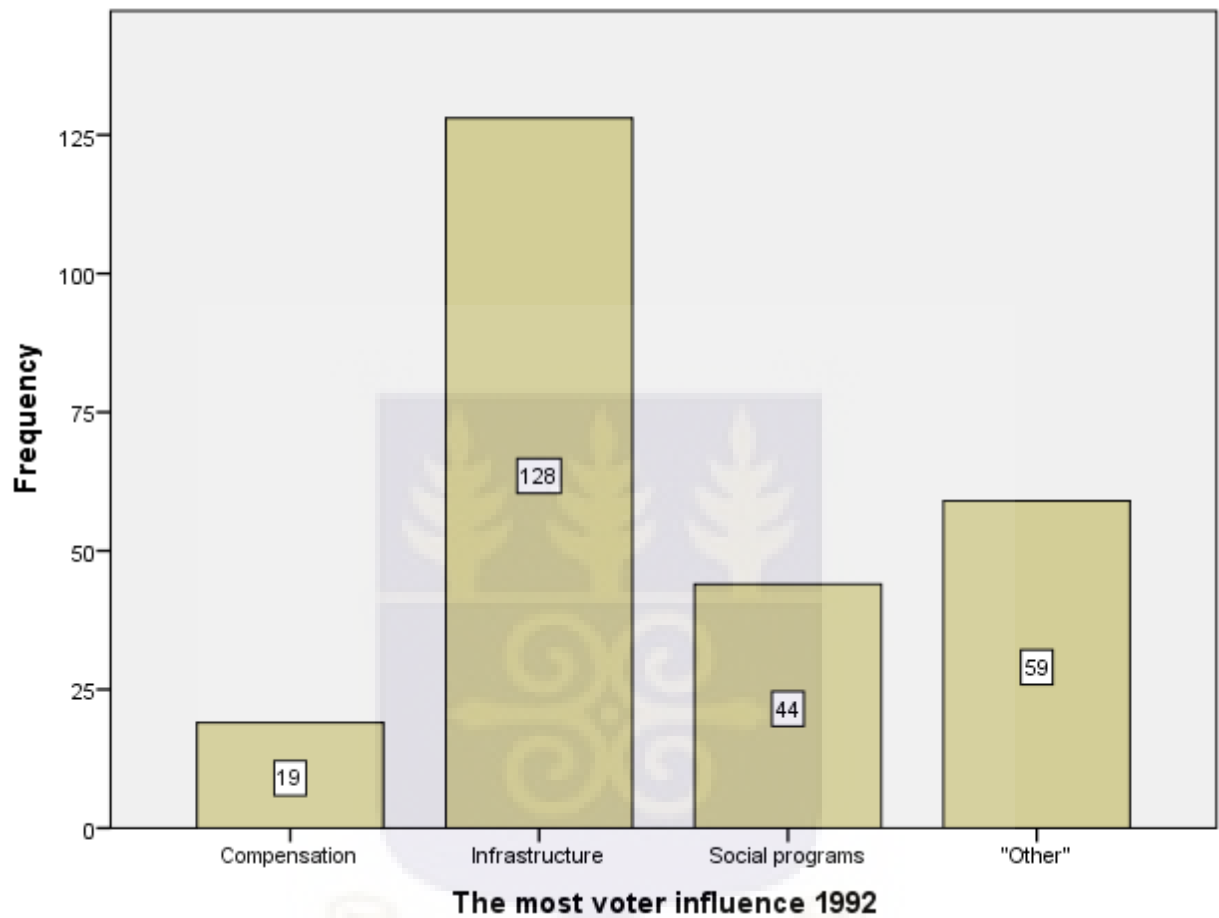
5.2 1992 ELECTIONS

5.2.1 Fiscal Management and Voter Influence

Chart 1 below measures the effect of the three major components of fiscal expenditure on voter choices during Ghana's 1992 elections. A total of 250 voters in five constituencies across the country were asked what influenced their choices at the polls in the 1992 elections.

In subsequent discussions in this chapter, I have paraphrased the various questions preceding a table or chart used for the analysis.

Chart 1: What influenced you the most in voting for the party/parties in 1992?



Source: Field Data

As indicated in Chart 1 above, infrastructure development was the dominant influence on the voting behaviour of the Ghanaian electorate in the 1992 elections, with a frequency of 128 out of the 250 respondents. In the 1980s, one of the fundamental objectives of the Structural Adjustment Programme (SAP 1, 2 and 3) under the Economic Recovery Programme (ERP I and ERP II) was the expansion and “rehabilitation of physical infrastructure to help improve productivity,” expand the economy and fight poverty (Parfitt, 1995; Hutchful, 1985; Bawumia, 1998, pp.57-62). Guided by the Public Investment Programme (PIP) of 1984, government

expenditure on core infrastructure such as roads and highways, electrification projects, water and sanitation, etc., increased during that period with some cases of visible infrastructure transformation across the country (Bawumia, 1998, pp.62-65), particularly in the rural areas. Aryeetey and Kanbur (2017) stress that, the rehabilitation of the country's deteriorated infrastructure including ports, roads and railways under the ERP resulted in appreciable levels of economic growth and good macro-economic performance. However, the gap in Ghana's infrastructure was so wide that many parts of the country were not affected by the Provisional National Defence Council's (PNDC's) infrastructural development programmes. It is estimated that, Ghana has infrastructural deficit that requires investment of US\$1.6 billion annually over ten years to finance (IFS, 2016). This infrastructure deficit cuts across all sectors of the economy including education, housing, energy, telecommunication, transportation and water and sanitation. For many years, this poor infrastructure has increased the cost of doing business in the country thereby constraining efforts at economic growth and poverty reduction (IFS, 2016; IFS, 2017). For instance, the country and its citizens have over the years experienced long periods of power shortages "due to inadequate generation and distribution capacity of electricity to meet the growing demands" of the Ghanaian population (IFS, 2017, p.3). Moreover, many communities across the country "lack access to potable water" while both the road and the railway sectors are in deteriorating condition as a result of many years of neglect and poor public investments by successive governments since independence (IFS, 2017, p.3). Therefore, it cannot be gainsaid that voters in the 1992 elections considered increases in infrastructure development as the most important determinant of their political choices at the polls.

The next important issue on the minds of voters in 1992 that is worth discussing in this study is the impact of social intervention programmes on their electoral choices. After identifying the

“other” as the second most important determinant of their electoral choices in 1992 with 59 frequencies, increases in social intervention programmes placed third with 44 frequencies. Poverty and other forms of social deprivation were endemic in the country, particularly in the period leading to the 1992 elections. Ninsin (1996) argues that, this was the logical consequence of the state’s reluctance to fulfil its fiscal obligations as a result of the blanket adoption of the Structural Adjustment policies in the 1980s (Ninsin, 1996). The social intervention and poverty reduction programmes in the pre-1992 democratic transition including Programme of Actions to Mitigate the Social Costs of Adjustment (PAMSCAD) proved ineffective in tackling social and poverty-related problems in sectors such as education, water, health and sanitation (World Bank, 1990, p.3). Public expenditure on social development programmes for poverty reduction hovered around “2.0 per cent and 2.8 per cent of GDP respectively” (NDPC, 2005, p.1). “These levels of spending were much lower than what prevailed in other African countries”, thereby undermining efforts at “poverty reduction and effective social change and development” in the country (NDPC, 2005, p.1). As a result, many “areas of Ghana experienced growing and deepening incidence of poverty, with evidence of intensification of vulnerability and exclusion among certain social groups” particularly women, small-scale farmers and children (NDPC, 2005, p.1). Kraus (1991) postulates that, despite the macro-economic successes of the ERP-era the election of 1992 was conducted when a greater percentage of Ghanaians remained below the poverty line. There was therefore very little argument about the importance of social development programmes in the choices voters made during the 1992 elections (Kraus, 1991).

There was a bunch of other issues after social intervention programmes that influenced voters’ choices most in the 1992 elections. These were salaries, wages and allowances of public sector workers, collectively referred to as compensation. With frequencies of 19, compensation is the

fourth issue that occupied the minds of Ghanaians as they headed to the polls in 1992. The problem of compensation of public sector workers in Ghana has been one of the most contentious and intractable issues in Ghana's fiscal management, particularly in the 1980s and 1990s. While the wage bill of the central government kept expanding, workers have always complained about high cost of living and low level of remuneration in the public sector with some, particularly in the health sector moving into the private sector, especially in the 1980s and 1990s (Government of Ghana, 2006). In instances where public sector real wages, salaries, allowances and bonuses had increased rapidly, they had "done so from a very low base, and they continue to lose ground against those of the private sector" (Government of Ghana, 2006, p.4). Bawumia (1998) suggests that, before the 1992 elections, the ERP under Provisional National Defence Council (PNDC) government utilised the fiscal space created by the various macro-economic policies and reforms and the retrenchment of "29,052 public sector employees" to dramatically increase public sector wages and salaries (Bawumia, 1998, p.65). Thus, given the precarious socio-economic and political dimensions of the situation just before the 1992 elections it is understandable that public sector wages and salaries would influence the preferences of voters in the elections.

5.2.2 Voters and Domestic Revenue and Expenditure

This part of the study uses cross tabulation to examine the connection between the major components of fiscal policy management and some selected demographic characteristics of voters in the 1992 elections. The demographic characteristics are the constituency and educational backgrounds of respondents. They are correlated with key aspects of fiscal policy

management such as expenditures and domestic revenue mobilisation in the election year (1992 elections). On the expenditure side, the analysis focuses on fiscal spending on compensation of public sector employees and infrastructure spending during the 1992 elections. On the domestic revenue mobilisation, the analysis centres on taxation during the election year, particularly the 1992 elections.

After examining the dominant fiscal policy management issues that influenced Ghanaian voters at the polls in 1992, the following discussions in this chapter will focus on the research question: How and why does the constituency of the Ghanaian voter influence his opinion on fiscal policy management during elections in Ghana?



Table 1A:

Do you think incumbent government deliberately increased salaries, wages and allowances of public sector workers during the 1992 elections in order to enhance its chances of winning?

	Public sector compensation increases in election year and incumbent's electoral chances 1992			Total
	Yes	No	Don't know	
Sagnarigu	33	1	16	50
Asawase	32	3	15	50
Manhyia South	35	3	12	50
Ayawaso West	32	2	16	50
Wuogon	34	4	12	50
Madina-Abokobi	34	4	12	50
Total	166	13	71	250

Source: Field Data

Responding to the question: “Do you think incumbent government deliberately increased salaries, wages and allowances of public sector workers during the 1992 elections in order to enhance its chances of winning?” majority of the respondents (33) in Sagnarigu Constituency are

of the view that in 1992, the incumbent intentionally increased public sector compensation in order to improve its chances of victory at the polls. In contrast to responses in the Sagnarigu Constituency, 32 voters out of the total of 50 in Asawase Constituency agree with the claim that the incumbent intentionally opened the spending tap in 1992 by increasing the expenditure on wages and salaries to pacify voters preparing to go to the polls. A similar number of respondents (32) at Ayawasu West Wuogon also believed that in 1992 government deliberately made upward adjustment of public sector workers' compensation in an attempt to maximise its votes. Furthermore, 35 out of a total of 50 voters at Manhyia South Constituency support the assertion that the incumbent manipulated the wage bill for political advantage. Almost a similar number of voters (34) at Madina-Abokobi agreed with the above proposition of incumbent's fiscal delinquency regarding workers' compensation during the 1992 elections. Green (1995) argues that, economic reforms including that of fiscal policy in Ghana which started in the 1980s were undermined by the NDC government "through a variety of spending measures" particularly the granting of 70-80% salary increases for many public sector workers in 1992 (Green, 1995, pp.578-579). Thus, Ghana's Economic Recovery Programme (ERP) and other economic reforms of the 1980s which had successfully reversed almost two decades of economic and fiscal policy decay in Ghana (Boafo-Arthur, 1999; Addison & Osei, 2001; Hutchful, 2002) began unravelling in the run-up to the 1992 elections. The signpost of fiscal felony and economic stagnation was evident from the onset of the democratic transition of 1992. Ironically, it was the same elections that heralded the transition and "restored representative democracy to Ghana. Macro-economic imbalances brought about by unproductive and unplanned expenditure on workers' compensation rekindled inflation and the fiscal balance turned from a surplus of 1.8 per cent of GDP in 1991 to a deficit of 4.9 per cent in 1992" immediately after the elections (www.

imf. Org, 2000). Further, in 1992, the “public wage bill accounts for the lions share” of the central government’s total expenditure “reaching about 34 per cent in 1992 (Addison & Osei, 2001, p.3). Hutchful (2002) emphasises the severity of the macro-economic challenges that was inspired by the 1992 democratic transition. According to him, “the elections of that year appear to have triggered a new round of macro-economic instability, sustained by surging government spending, spiralling wage demands,” renewed labour militancy and rising budget deficit (Hutchful, 2002, p.66).

Table 1B: Do you think government intentionally increased the pace of infrastructure development in Ghana during the 1992 elections in order to maximise its chances of winning?

		Election year infrastructure development and incumbent's electoral chances 1992			Total
		Yes	No	Don't know	
Constituency	Sagnarigu	30	5	15	50
	Asawase	31	3	16	50
	Manhyia South	37	2	11	50
	Ayawaso West	37	1	12	50
	Wuogon	36	1	13	50
	Madina-Abokobi	36	1	13	50
Total		171	12	67	250

Source: Field Data

Again, in answer to this question, majority of respondents (30) at Sagnarigu Constituency said “Yes,” reaffirming the widely held notion that governments since the inception of democracy in 1992 deliberately increased fiscal spending on infrastructure in order to induce voters for partisan political purposes. For voters in Asawase Constituency, 31 respondents affirmed this assertion. In both Manhyia South and Ayawasu West Wuogon, a higher number (37) believed that the incumbent expanded the infrastructure during election time as a way of brightening its chances of victory at the polls. Finally, 36 respondents in Madina-Abokobi answered in the affirmative on the question of the incumbent’s deliberate manipulation of fiscal policy for electoral gain. In the post-ERP period, particularly in 1992 when the Fourth Republic was first ushered in, expenditure ratios expressed as a percentage of GDP dramatically increased (Addisson & Osei, 2001) particularly during election periods. This expenditure pattern, especially those targeted at road infrastructure and rural electrification was aimed at influencing voters who went to the polls to elect the first government of the Fourth Republic (Briggs, 2012). For example, in the run-up to the 1992 elections, “expenditure/GDP ratio increased by over 4 percentage points.” In comparison, “the share of public expenditures in GDP was over 4 percentage points higher than the Sub-Saharan average of about 23.2 per cent (Addison & Osei, 2001, p1-3). Thus, public expenditure during the 1992 election was unusually huge, setting the stage for large fiscal deficits and the corresponding macro-economic crisis in the succeeding years. Anaman (2016) also argues that, democratic transition in Ghana under the Fourth Republic has produced a worse macro-economic environment “characterized by higher inflation, higher budget deficits, negative balance of payment figures and lower levels of gross international reserves” (pp.149-150). Fiscal deficit in 1992 rose to about 10 per cent of GDP (Aryeetey & Fenny, 2017). This eroded the economic gains made under the ERP and set the

stage for continuous economic deterioration in the following years. This resulted in worsening cases of poverty, vulnerability, exclusion and “lower quality of human development” (Anaman, 2016, pp.149-150).

Table 1C: Do you think the incumbent government tried to reduce or relax in the collection of taxes, levies, fees and charges during the 1992 elections in order to enhance its chances of winning?

	Election period tax reduction/relaxation and incumbent's electoral chances 1992			Total
	Yes	No	Don't know	
Constituency				
Sagnarigu	28	7	15	50
Asawase	36	1	13	50
Manhyia South	35	3	12	50
Ayawaso West	33	2	15	50
Wuogon	35	4	11	50
Madina-Abokobi	35	4	11	50
Total	167	17	66	250

Source: Field Data

On the question “do you think the incumbent government tried to relax in the collection of taxes, levies, fees and charges during the 1992 elections in order to enhance its chances of winning?”

various responses were offered by different voters across all the five targeted constituencies in the country. In Sagnarigu Constituency, 28 out of the 50 respondents agreed with the notion that the incumbent in 1992 tried to manipulate fiscal policy through taxation in order to create a favourable electoral environment. In comparison, 36 respondents in Asawase Constituency supported the claim. The majority of voters (35) in Manhyia South Constituency affirmed the notion that the incumbent tried to reduce, or relax in the collection of taxes in the run-up to the 1992 elections. While 33 respondents in Ayawasu West Wuogon constituency said they believed government attempted to manipulate the tax system during the general elections of 1992, 35 in the Madina-Abokobi Constituency supported the assertion. For decades, the Ghanaian state has been generating domestic revenue through taxation and other non-tax methods such as the collection of government fees, levies and charges. During the ERP era, fiscal and macro-economic policy reforms under the tutelage of the IMF and the World Bank brought about numerous policy tools that tried to remove several encumbrances against the tax system leading to the efficiency of both tax policy and tax administration (Hutchful, 2002; Osei, 2000). However, after the nation's return to democratic system of government in 1992, revenue generation through taxation became one of the biggest banes of fiscal policy management in Ghana, and the state was unable to generate the needed domestic revenue annually to meet the necessary public expenditures. This problem was prevalent during the 1992 election period when the incumbent government tried to reduce, or relax in the collection of these revenues thereby undermining sound fiscal policy management and public financial reforms embarked upon by the state during the ERP era. In this period, fiscal performance witnessed “ups and downs” as a result of “stop and go” nature of fiscal reforms and the adjustment of the 1980s and early 1990s, (www.imf.org, 2000). In many instances, fiscal reforms were abruptly “interrupted in 1992 and

1996 by excessive spending and laxity in tax administration, which were directed at achieving election victories but imposed a high cost on the economy” (www.imf.org, 2000). Bawumia (2013) argues that, the 1992 elections led to the weakening of fiscal policy management leading to inefficient tax administration and expenditure overruns. Thus, the fiscal year ended with a rise in budget deficit from 1.3 per cent of GDP in 1991 to 9.4 per cent of GDP in 1992 and the consequent suspension of financial and fiscal support by the IMF and the World Bank in protest against the fiscal policy slippages and excesses (Bawumia, 2013). The fiscal slippages marked a break with the economic reforms of the 1980s and early 1990s, when the nation witnessed stable macro-economic environment and disciplined fiscal and public financial management (Kusi, 1991; Bawumia, 2013). Addison and Osei (2001) postulate that, Ghana’s economy before 1983 was precariously moving through a rough path with total public expenditure persistently outstripping total domestic revenue leading to large fiscal deficits and balance of payment challenges. For instance, in 1976, fiscal deficit peaked at about 11 per cent of GDP. However, by the late 1980s up to 1991, the situation was reversed with revenue levels now higher than expenditure and the economy registering a surplus. Nevertheless, as a result of steep fiscal spending by the incumbent government in 1992 for purposes of retaining power, there was a re-emergence of large fiscal deficits akin to what had been witnessed in the 1970s and 1980s (Hutchful, 2002; Addison & Osei, 2001, p.8).

5.2.3 Fiscal Management and Voters Educational Background

This chapter now focuses on another important question that underpins the study. Tables 1D, 1E and 1F coupled with the corresponding discussions give us a clue to the question: How did the

educational background of the voter affect his views on fiscal policy management in Ghana during the 1992 elections? It must be emphasised that, Table 1D contains responses on public expenditure on wages, salaries and allowances of public sector workers. Table 1E captures answers on infrastructure spending while Table 1F sums up voters' views on domestic revenue mobilisation.

TABLE 1D: Do you think the incumbent government deliberately increased salaries, wages and allowances of public sector workers during the 1992 elections in order to enhance its chances of winning?

		Public sector compensation increases in election year and incumbent's electoral chances 1992			Total
		Yes	No	Don't know	
Educational Level	No formal Education	53	2	38	93
	Secondary/SHS	51	10	25	86
	Tertiary	62	1	8	71
Total		166	13	71	250

Source: Field Data

Asked if they think the incumbent government deliberately increased salaries, wages and allowances of public sector workers during the 1992 elections in order to enhance its electoral chances, a total of 166 respondents answered “Yes.” Out of this, the majority (62) have tertiary education while 51 have secondary education; 53 have no formal education. Out of the total of 250 respondents, 71 answered “don’t know.”

TABLE 1E: Do you think government intentionally tried to increase the pace of infrastructure development in Ghana during the 1992 elections in order to maximise its chances of winning?

		Election year infrastructure development and incumbent's electoral chances 1992			Total
		Yes	No	Don't know	
Educational Level	No formal Education	59	4	30	93
	Secondary/SHS	59	5	22	86
	Tertiary	53	3	15	71
Total		171	12	67	250

Source: Field Data

Regarding the question on whether the incumbent intentionally increased the pace of infrastructure development in Ghana during the 1992 electioneering period in order to maximise

its chances of winning the elections, 171 out of the total of 250 respondents said they believed the incumbent stepped up efforts at expanding the nation's infrastructure during the election period. Out of this total number of respondents who said "Yes" to the question, 53 have tertiary education background, 59 have secondary education while another 59 said they have no formal education. Furthermore, 67 respondents said they "don't know".

TABLE 1F: Do you think incumbent government tried to reduce or relax its commitment in the collection of taxes, levies, fees and charges during the 1992 elections in order to enhance its chances of winning?

		Election period tax reduction/relaxation and incumbent's electoral chances 1992			Total
		Yes	No	Don't know	
Educational Level	No formal Education	47	7	39	93
	Secondary/SHS	58	6	22	86
	Tertiary	62	4	5	71
Total		167	17	66	250

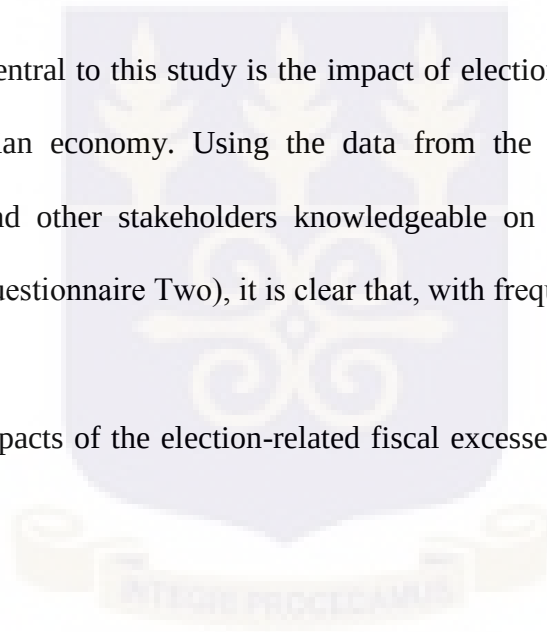
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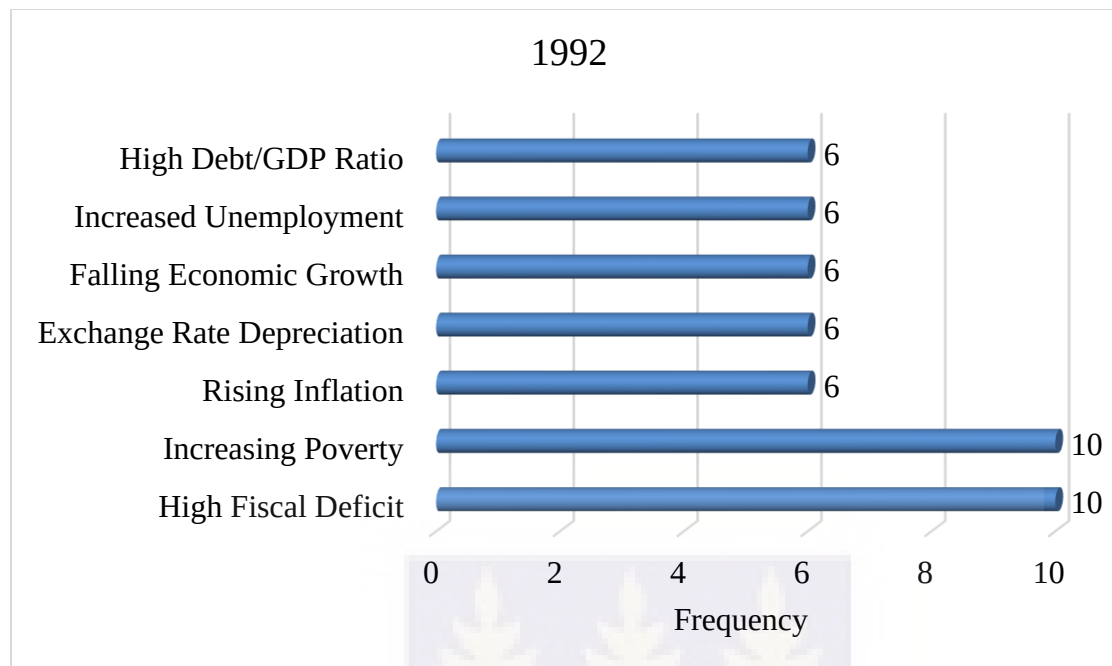
Did the incumbent government in 1992 try to reduce or relax its commitment in the collection of taxes, levies, fees and charges during the 1992 election period? 167 out of the 250 respondents agreed with the assertion while 66 respondents answered “don’t know”. For all those who answered in the affirmative, the majority (62) have tertiary education, 58 have secondary education while the rest have no formal education.

5.2.4 Impact of the Election-related Fiscal Excesses

One major issue that is central to this study is the impact of election-related fiscal excesses and slippages on the Ghanaian economy. Using the data from the responses of policymakers, politicians, academics and other stakeholders knowledgeable on the Ghanaian economy (as captured in the study’s Questionnaire Two), it is clear that, with frequencies of 10 each,

Chart 2: What are the impacts of the election-related fiscal excesses on the overall economy in 1992?





Source: Field Data

“high fiscal deficit” and “increasing poverty” topped the pack as the two biggest impacts of the 1992 election-related fiscal excesses on the national economy. “Rising inflation”, “exchange rate depreciation”, “falling economic growth,” “increased unemployment” and “high debt/GDP ratio” recorded 6 frequencies each as other impacts of the 1992 election-related fiscal excesses on the economy of Ghana. As indicated in the Chart 2 above, the 1992 elections and transition to democratic rule created macro-economic instability. Ironically, it was that election that ushered the country into a new era of rising fiscal deficits, high inflation rate, increasing interest rate, exchange rate depreciation and lower government expenditure (OECD/AfDB, 2002; Government of Ghana, 1994, pp.3-4). As a result, real GDP growth rate which stood at 5.3 per cent in 1991, registered an abysmal growth of 3.9 per cent in 1992, one of the lowest since 1984. Domestic debt/GDP ratio from 1992 to 1993 alone rose from 4 per cent to over 14 per cent as a result of government borrowing for budgetary purposes in the run-up to the 1992 elections (Centre for

Policy Analysis [CEPA], 1996, p.5). Despite subsequent attempts at restoring sanity to the economy and the public finances, the deterioration of the macro-economic fundamentals cascaded into the succeeding fiscal years setting the stage for lower public spending on social programmes and further undermining efforts at poverty reduction and improving the living conditions of the citizens (Government of Ghana, 2003). For instance, in the 1990s, public expenditures on health and education stood at 2 per cent and 2.8 per cent of GDP respectively resulting in growing and deepening levels of poverty and the “intensification of vulnerability and exclusion among some groups and in some areas,” particularly in the Central and Northern regions of the country (Government of Ghana, 2003, p. ii). Hence, economic management in 1992 was a marked departure from both those of the ERPI and ERPII eras where stable fiscal environment was the hallmark of macro-economic management (Hutchful, 1997; Government of Ghana, 1986, p.1). Thus, the conclusions of the respondents in Chart 2 above are pertinent.

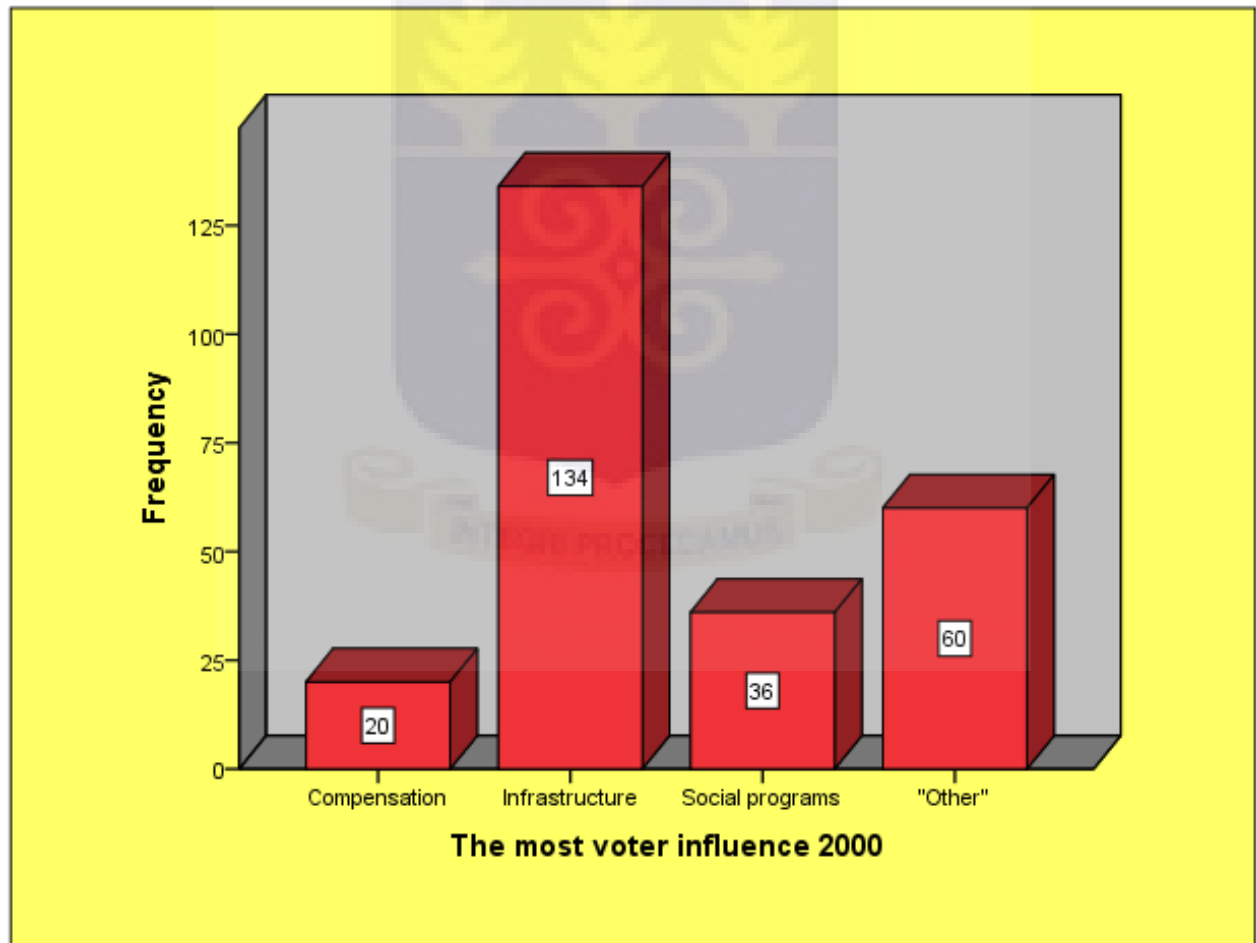
5.3 2000 ELECTIONS

While many scholars considered the elections of 1992 and 2000 as a watershed in the country’s democratic journey because they represented a democratic transition one way or the other, fiscal management in 2000 was very significant given the fact that for the first time under the Fourth Republic a new Executive President was going to take over the mantle of leadership of the country after almost two decades of Jerry Rawlings led P/NDC rule (Ninsin, 2007; Jeffries, 1998; Government of Ghana, 2000). The discussions that follow address the various nuances of fiscal policy management in the run-up to the 2000 elections. Chart 3 below summarises the responses on the impact of the three major components of public expenditure on voter choices

during the 2000 elections. We posed the question: “What is the extent of influence of fiscal management on voters’ behaviour in Ghana’s Fourth Republic?”

5.3.1 Fiscal Management and Voter Influence

Chart 3: What influenced you the most in voting for the party/parties you selected in the 2000 elections?



Field Data

Just as the previous elections, the impact of infrastructure development on voters' behaviour in the 2000 elections was considerable. From Chart 3 above, majority of voters in the aforesaid constituencies selected infrastructure development as the most significant influence on their electoral choices in Ghana's 2000 election. This was in spite of the fact that there was visible transformation in the infrastructure sector given the incumbent P/NDC government's efforts at bridging the yawning gap in the sector.

Similar to the previous elections, infrastructure development was still the most influential issue in the minds of the voters in the 2000 elections. With a frequency of 134 out of the overall total of 250, it maintained its dominance as the most influential factor in the choices of the electorate in the 2000 elections, while "other" occupied the second position on the Chart 3 above. Despite clear infrastructure development across the country since the 1992 elections, particularly in the road and power (rural electrification) sectors, the selection of infrastructure by the majority of voters as the foremost issue on their minds in choosing who to govern them in the 2000 elections was to be expected (Government of Ghana, 1994, p.6). The 1992 elections and the democratic transition had pushed the economy into a trajectory of fiscal and macro-economic deterioration that had incapacitated the state and rendered it unable to execute any sustained programme towards transforming the infrastructure of the country. This was particularly so regarding the \$2.140 billion six-year (1995-2000) Road Sector Strategy and Programme that aimed at infrastructure expansion (Government of Ghana, 1994, p.2-6). In the run-up to the 2000 elections, electricity crisis, caused mainly by weak investment in the energy sector, coupled with fast growing population, had crippled the Ghanaian economy, businesses and households. This situation undermined efforts at economic growth, poverty reduction and good standard of living (CEPA, 2007).

The next issue that influenced voters in selecting a party at the polls in 2000 was social intervention programmes, which scored a frequency of 36. Despite many social intervention programmes across all sectors such as education, health, social welfare and youth programmes in the 1990s, poverty levels were still high among many Ghanaians (Government of Ghana, 1996, p.11). Both the government policy framework document entitled “Policy Focus for Poverty Reduction” and the UNDP National Poverty Reduction Programme for Ghana in the 1990s were not sufficient in addressing the problems of poverty in a sustainable and inclusive manner (Government of Ghana, 1997, p.38). Again, average economic growth of 4 per cent (based on the old GDP series, 1993-2005) in the 1990s was lower and insignificant to sustain any meaningful poverty reduction in the country (Government of Ghana, 1998, p.56).

From the above chart, compensation of public sector workers including wages, salaries, allowances and bonuses, registered a frequency of 20 voters who said it influenced them the most in their selection of a party to vote for in the 2000 elections. It must be emphasised that, the choice of compensation as one of the most influential issues may be due to the fact that during the electioneering campaign, the issue of low income levels of workers took a centre stage among all the political parties. The Ghana Universal Salary Structure, outdoored by the government at that time had failed to correct some of the intractable problems associated with salaries, wages, allowances and bonuses of public sector employees (Government of Ghana, 2000, para. 170). Further, the 2000 elections were conducted in an atmosphere of macro-economic instability with fast depreciating exchange rate and high inflationary pressures (Azumah, 2017). This eroded the purchasing power of fixed income earners such as public sector employees.

5.3.2 Voters and Domestic Revenue and Expenditure

The analysis now focuses on the influence of the voter's constituency on his judgment regarding fiscal policy management in the 2000 election. The fiscal management issues are domestic revenue mobilisation and public expenditure. Thus, the main target of our investigation here is the correlation between the 2000 elections on one hand and domestic revenue mobilisation and expenditure on the other. Table 2A and the accompanying discussions provide answers on the question: Do you think incumbent government deliberately increased salaries, wages and allowances of public sector workers during the 2000 elections in order to enhance its chances of winning?

TABLE 2A: Do you think incumbent government deliberately increased salaries, wages and allowances of public sector workers during the 2000 elections in order to enhance its chances of winning?

	Public sector compensation increases in election year and incumbent's electoral chances 2000			Total
	Yes	No	Don't know	
Sagnarigu	30	3	17	50
Asawase	31	3	16	50
Manhyia South	35	3	12	50
Ayawaso West	30	2	18	50
Wuogon	32	6	12	50
Madina-Abokobi	32	6	12	50
Total	158	17	75	250

Source: Field Data

From the Table 2A above, out of a total of 158 respondents who answered the question: “Do you think incumbent government deliberately increased salaries, wages and allowances of public sector workers during the 2000 elections in order to enhance its chances of winning?” Manhyia South Constituency recorded the highest frequency of 35. Madina-Abokobi followed with 32 respondents. Asawase recorded 31 while both Sagnarigu and Ayawasu West Wuogon placed last with 30 respondents saying “Yes” to the assertion that the incumbent in the 2000 elections deliberately increased public sector wages, salaries, allowances and bonuses in order to influence their choices at the polls. However, out of the total of 250 for the study, a whopping 75 respondents answered “don’t know”. Despite the stringent fiscal discipline imposed by both the Structural Adjustment Programme and the Enhanced Structural Adjustment programme in the 1990s, there was a clear failure of fiscal policy management in 2000 to maintain macro-economic stability, particularly with respect to expenditure overruns. In this regard, “personnel expenditures and debt service alone eat up about 75 per cent of” the entire national revenue in 2000, dangerously pushing the nation into unsustainable debt levels (Government of Ghana, 2001, para. 6). In response, the new government of the New Patriotic Party (NPP) led by President John Agyekum Kufuor argued that, this and other fiscal and macro-economic malaise of the previous years had forced the nation to finally accept the (Enhanced) Highly Indebted Poor Country (HIPC) initiative and the Multilateral Debt Relief Initiative (MDRI) offered by the international financial institutions of the IMF and the World Bank and other bilateral and multilateral donors and partners since 1999 (Moss, 2006; Morton, Lunchick-Seymour, Favreau, Fletcher, Reynolds and Anderson, 2017).

Fletcher, Reynolds & Anderson, 2017).

Now, the study discusses the issue of infrastructure spending during election periods. This segment of the analysis answers the question: “do you think government intentionally increased the pace of infrastructure development in Ghana during the 2000 election periods in order to maximise its chances of winning the elections?” The discussion is aided by the Chart 2B below.

TABLE 2B: Do you think government intentionally increased the pace of infrastructure development in Ghana during the 2000 election periods in order to maximise its chances of winning?

	Election year infrastructure development and incumbent's electoral chances 2000			Total
	Yes	No	Don't know	
Sagnarigu	34	3	13	50
Asawase	40	0	10	50
Manhyia South	39	0	11	50
Ayawaso West	37	1	12	50
Wuogon	36	2	12	50
Madina-Abokobi	36	2	12	50
Total	186	6	58	250

Source: Field Data

Source: Field Data

From the above Table, out of the 250 respondents who answered this question, 186 said “Yes.” Out of this number, majority (40) are from the Asawase Constituency; minority respondents of 34 are from Sagnarigu. Manhyia South Constituency recorded (39), while Ayawase West Wuogon registered 37 in support of the proposition. Madina-Abokobi closely followed Ayawase West Wuogon with 36 respondents. Finally, 58 answered “don’t know.” It is argued that the first democratic turnover in Ghana in 2000 registered one of the worse cases of fiscal excesses and slippages in the nation’s economic management history for many years. While GDP registered the lowest growth rate of 3.7 per cent, “the overall budget balance (including divestiture receipts) showed the highest deficit of 8.5 per cent of GDP since 1997,” with most expenditures made in the last quarter of the year (Asante & Owusu, 2013). This is despite the introduction of a raft of reforms under the Public Financial Management Reform Programme (PUFMARP). These reforms, including the Medium Term Expenditure Framework (MTEF), and the Public Expenditure Management Systems (PEMS) (Government of Ghana, 1999) proved inadequate for stopping the incumbent from spending its way into power. The resulting fiscal crisis necessitated the adoption of the Ghana Poverty Reduction Strategy reforms (2002-2004) and the Enhanced HIPC initiative by the new government (Asante & Owusu, 2013; Government of Ghana, 2002, para 6). These reform policies were aimed at giving respite to the overheating Ghanaian economy while restoring sustained growth and poverty reduction.

We next seek answers to the question: “do you think incumbent government tried to reduce or relax in the collection of taxes, levies, fees and charges during the 2000 elections in order to enhance its chances of winning?” Table 2C summarises the responses from the voters.

TABLE 2C: Do you think incumbent government tried to reduce or relax in the collection of taxes, levies, fees and charges during the 2000 elections in order to enhance its chances of winning?

		Election period tax reduction/relaxation and incumbent's electoral chances 2000			Total
		Yes	No	Don't know	
Constituency	Sagnarigu	29	7	14	50
	Asawase	33	6	11	50
	Manhyia South	36	3	11	50
	Ayawaso West	32	1	17	50
	Wuogon	34	4	12	50
	Madina-Abokobi	34	4	12	50
Total		164	21	65	250

Source: Field Data

From Table 2C, we noted that, 164 out of the total 250 voters in the study agreed with the suggestion in the question: “do you think incumbent government tried to reduce or relax in the collection of taxes, levies, fees and charges during the 2000 elections in order to enhance its chances of winning?” 65 respondents answered “don’t know.” Out of the 164 who answered

“Yes”, Manhyia South has the highest tally of 36, followed by Madina-Abokobi with 34. Asawase Constituency has a count of 33 closely trailed by Ayawaso West Wuogon, which registered 32. Sagnarigu recorded the lowest frequency of 29. Revenue-generation, mainly through taxation and collection of government fees and charges are very crucial to effective fiscal management. In the 2000 elections, incumbent government shirked its responsibility in playing the important state function of collecting domestic revenue and ensuring that the deficits, debt and other obligations do not accumulate to undermine the smooth running of the state. For instance, “discretionary expenditures” including pro-poor fiscal spending was “restrained as a result of the lower than expected revenue performance” (Government of Ghana, 2001, para. 63).

5.3.3 Fiscal Management and Voters’ Educational Background

What was the impact of educational background of voters on their views on fiscal policy management in Ghana during general elections under the Fourth Republic? Tables 2D, 2E and 2F address that issue. Table 2D contains data on educational background and fiscal outlay on public sector workers’ salaries, wages and allowances. Table 2E contains responses on educational background of voters and public expenditure on infrastructure. Finally, Table 2F summarises responses on domestic revenue mobilisation and educational background.

TABLE 2D: Do you think incumbent government deliberately increased salaries, wages and allowances of public sector workers during the 2000 elections in order to enhance its chances of winning?

		Public sector compensation increases in election year and incumbent's electoral chances 2000			Total
		Yes	No	Don't know	
Educational Level	No formal Education	46	6	41	93
	Secondary/SHS	50	10	26	86
	Tertiary	62	1	8	71
	Total	158	17	75	250

Source: Field Data

On the issue of increases in salaries, wages and allowances of public sector workers during the 2000 election, 158 respondents out of the 250 answered in the affirmative while 75 said they “don’t know”. Out of those who gave a positive response, majority (62) have tertiary education, 50 of them have secondary education while 46 have no formal education.

TABLE 2E: Do you think government intentionally increased the pace of infrastructure development in Ghana during the 2000 election periods in order to maximise its chances of winning?

		Election year infrastructure development and incumbent's electoral chances 2000			Total
		Yes	No	Don't know	
Educational Level	No formal Education	52	3	38	93
	Secondary/SHS	67	1	18	86
	Tertiary	67	2	2	71
Total		186	6	58	250

Source: Field Data

On whether the incumbent deliberately increased the pace of infrastructure development in Ghana during the 2000 election period in order to influence voters for electoral advantage, 186 out of the total 250 voters responded “Yes” while 58 said they “don’t “know.” Out of the 186 who affirmed the claim, those with tertiary and secondary education were 67 for each category. The remaining respondents have no formal education.

TABLE 2F: Do you think incumbent government tried to reduce or relax in the collection of taxes, levies, fees and charges during the 2000 elections in order to enhance its chances of winning?

		Election period tax reduction/relaxation and incumbent's electoral chances 2000			Total
		Yes	No	Don't know	
Educational Level	No formal Education	44	13	36	93
	Secondary/SHS	58	5	23	86
	Tertiary	62	3	6	71
Total		164	21	65	250

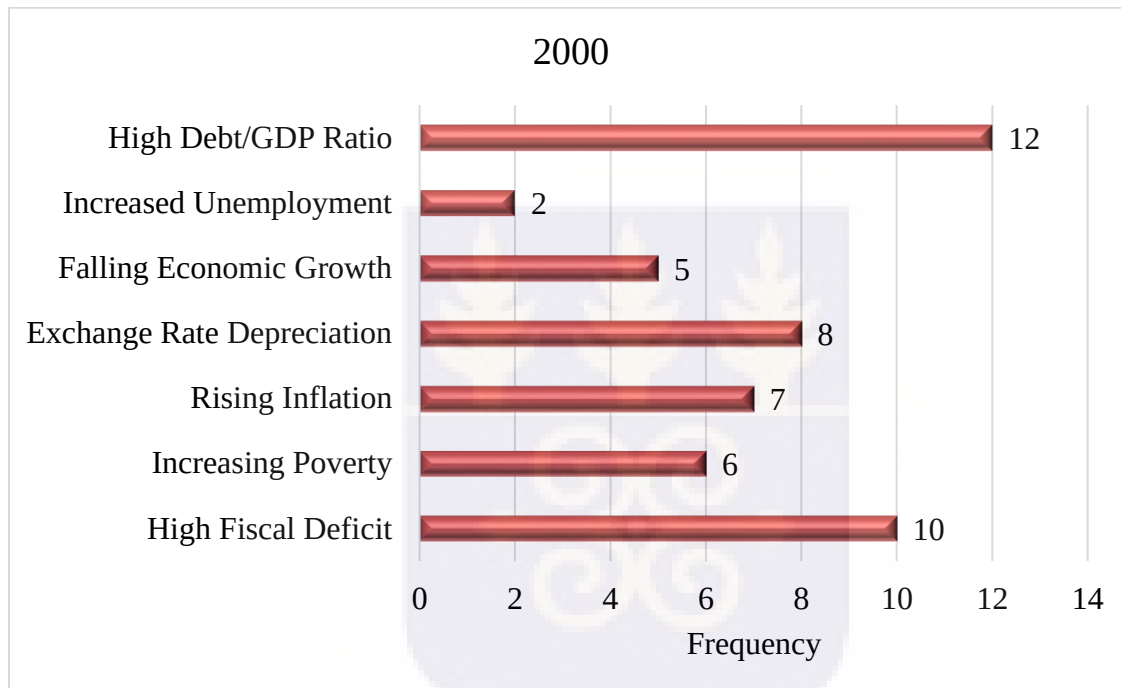
Source: Field Data

164 respondents out of 250 said “Yes” to whether in the general elections of 2000 the incumbent government interfered with the tax system for electoral gain; 65 said they “don’t know.” Out of those who affirmed the claim, 62 have tertiary education; 58 have secondary education and 44 have no formal education.

5.3.4 Impact of the Election-related Fiscal Excesses

Next, we assessed the impact of election-induced fiscal deterioration on the larger national economy. Respondents were academics, politicians, policymakers and other stakeholders who are knowledgeable about the Ghanaian economy. Chart 4 and the discussion that follows addresses this issue in relation to the 2000 elections.

Chart 4: What were the impacts of the election-related fiscal excesses on the overall economy in 2000?



Source: Field Data

Chart 4 above summarises the impact of the election-inspired fiscal excesses in election year 2000. Out of the 50 respondents, 10 mentioned “high fiscal deficit” while 6 said it led to “increase in poverty”; 7 agreed that fiscal excesses in the 2000 election resulted in “rising inflation” whereas 8 said it caused “exchange rate depreciation”. Five (5) respondents mentioned “falling economic growth” while 2 identified “increased unemployment”. Finally, 12 respondents suggested that fiscal excesses in the 2000 elections led to “high debt/GDP ratio”. As summarised by the GoG (2001), the fragility of the economy in the aftermath of the 2000

election was manifested in excessive domestic and external debt, high and rising inflation, weak currency, excess liquidity, and rising unemployment (Government of Ghana, 2001, para. 8). In fact, the growth rate of 3.7 per cent was one of the lowest since 1983. While increased fiscal spending during the election took the lion's share of the blame for this fiscal and macro-economic deterioration, Bruijn and Rehbein (2011) suggest that, the shortcomings in the implementation of the Structural Adjustment Programme in the 1980s and 1990s cannot escape blame; because they constrained economic diversification and encouraged over-reliance on external inflows (Bruijn & Rehbein, 2011, p.10). That is why the new NPP government in 2001 accepted the HIPC and MDRI programmes. Supported by the World Bank and the IMF, the Enhanced HIPC initiative came with a new raft of macro-economic and fiscal policies and reform measures such as the Poverty Reduction Strategy Paper (PRSP) and Poverty Reduction and Growth Facility (PRGF) to replace the Enhanced Structural Adjustment Facility (ESAF) (CEPA, 2002, p.2-7). The cardinal ambitions of these new economic and fiscal measures and policies were to help tame the rising debt levels, properly align macro-economic and fiscal policies to poverty reduction and finally restore economic stability that was lost in the run-up to the 2000 elections (Sun, 2004, p.3).

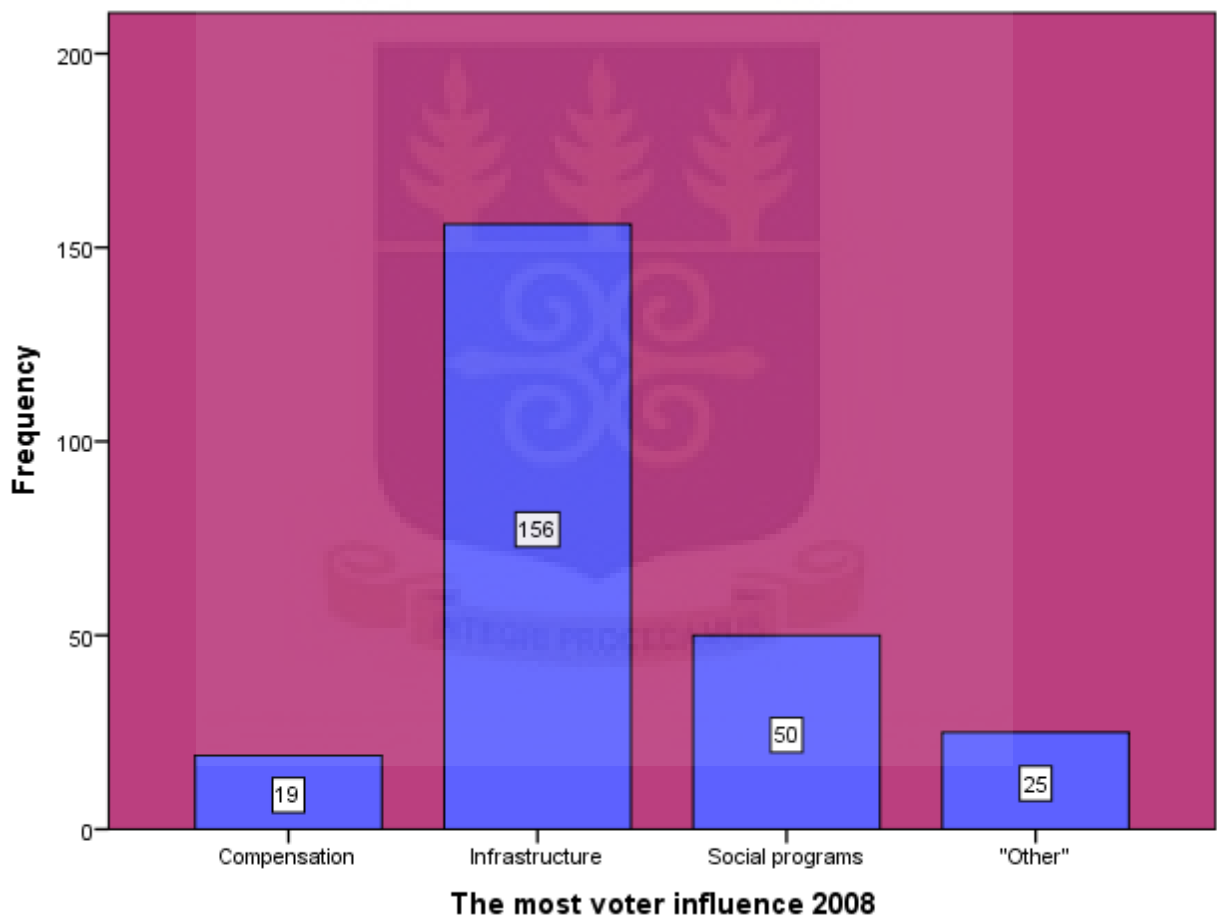
5.4 2008 ELECTIONS

While the issues raised in the assessment of 2008 may differ from those of 1992 and 2000 because of differences in political and economic dynamics of those years, the pattern of analysis for all the three elections in this study takes similar form. Thus, for the election year 2008, 250

voters in all the five constituencies studied were asked about what fiscal policy management issue influenced their political choices most. Chart 5 contains their various responses.

5.4.1 Fiscal Management and Voter Influence

Chart 5: What influenced you the most in voting for the party/parties in the 2008 election?



Source: Field Data

The 2008 voters surveyed by this study also put a huge premium on infrastructure development as the most important determinant of their electoral preference. Asked what influenced them most in voting for political party/parties in 2008, out of the total of 250 respondents, the majority (156) singled out infrastructure as the most important factor that influenced their choice at the polls. Closely following infrastructure development was socials intervention programmes, with 50 respondents, while responses on compensation were 19. Twenty five (25) respondents selected “other.” Again, it is not surprising that the issue of infrastructure development emerged as the most influential issue among the voters in their selection among the various competing political parties in the 2008 elections. While successive governments in the past had made various attempts at upgrading the nation’s infrastructure, serious gaps in the sector still remained nationwide, particularly in the energy, road, water and health sectors. This is despite the fiscal space created by the debt reliefs from the HIPC initiative and MDRI which freed financial resources for developmental projects over the last six years. In fact, after reaching the HIPC Completion Point in July 2004, Ghana “received debt relief amounting to US\$2 billion under the Enhanced HIPC initiative,” and US\$1.9 billion from the Multilateral Debt Relief Initiative (MDRI), with additional US\$2 billion external debt to be cancelled in 20 years (Bank of Ghana, 2004; Bruijn & Rehbein, 2011, p.11). As a result of this, Ghana’s total external debt, which reached unsustainable level in 2000, had declined to “US\$6.1 billion as at end December 2004 from US\$8.03 billion in December 2003.” However, this fiscal space proved inadequate for restoring sound fiscal performance for infrastructure development. For instance, during the period, the share of fiscal expenditure on public investment was dwindling in favour of other less productive sectors such as personnel emolument and interest payment (Government of Ghana, 2003, pp.40-43). Also constraining fiscal manoeuvrability for infrastructure transformation was

the emergence and increases in government expenditure arrears across major infrastructure sectors such as road, energy, health and education in 2008 (IFS, 2016, p.11).

With frequencies of 50, social intervention issue was the second most important influence for the choices of Ghanaian voters in the 2008 elections. This is understandable given the persistence of social and poverty-related challenges across sectors such as education, health and sanitation, and youth unemployment. In response to some of these poverty-related problems, the Kufuor-led government implemented several pro-poor programmes under Ghana Poverty Reduction Strategy (GPRS-I & II), Poverty Reduction and Growth Facility (PRGF) and the HIPC initiatives. These initiatives were aimed at realigning the national budget with various poverty reduction programmes (DFID, 2003; Government of Ghana, 2004, p.7-204). Thereafter, government refocused its priority in the national budget towards expenditure on poverty-related programmes such as the National Health Insurance Scheme (NHIS), the Education Strategy Plan (ESP) and the National Youth Employment Programme (NYEP) (DFID, 2003; Government of Ghana, 2004, pp.7-204).

While some of the respondents (25) selected the “other,” compensation, which scored 19 is worthy of discussion in this study. Almost seven years of sustained economic growth-from 2001 to 2008, and the establishment of the Fair Wages and Salaries Commission “to administer a new comprehensive pay structure and ensure equity in the government payroll,” public sector wages and salaries have not improved (Government of Ghana, 2008, para. 1-15). This is in spite of the fact that Ghana’s public sector wage bill stood at 9.5 per cent of GDP, and was “twice as high as what obtains in other ECOWAS countries such as Nigeria and The Gambia” (Government of Ghana, 2007, p.447). Correspondingly, public sector productivity has over the years been negatively affected by the disaffections on wage front. CEPA (2009) argues that, there is the

need for intermittent but reasonable upward adjustment of the salaries and wages of public sector employees particularly in the health and education sectors. This is because of the vital services they provide for the development and maintenance of “healthy and skilled human resource necessary for...accelerated growth, macro-economic” and political stability (CEPA, 2009, p.6).

5.4.2 Voters and Domestic Revenue and Expenditure

The discussion is now directed towards the influence of the voter’s constituency on his views on key fiscal policy management in the 2008 elections, particularly domestic revenue mobilisation and public expenditure. In this regard, the question that the analysis and the accompanying Table 3A seek to answer is: “do you think incumbent government deliberately increased salaries, wages and allowances of public sector workers during the 2008 election in order to enhance its chances of winning?”

TABLE 3A: Do you think incumbent government deliberately increased salaries, wages and allowances of public sector workers during the 2008 elections in order to enhance its chances of winning?

	Public sector compensation increases in election year and incumbent's electoral chances 2008				Total
		Yes	No	Don't know	
Sagnarigu		33	3	14	50
Asawase		35	6	9	50
Manhyia South		43	3	4	50
Ayawaso West		45	2	3	50
Wuogon		43	4	3	50
Madina-Abokobi		43	4	3	50
Total		199	18	33	250

Source: Field Data

In response to this question, 199 out of the 250 respondents answered “Yes” (see Table 3A above). However, 33 respondents said they “don’t know”. Of those who answered in the affirmative, Ayawasu West Wuogon recorded the highest with 45 respondents, followed by Manhyia South and Madina-Abokobi with 43 each. Asawase scored 35 while Sagnarigu recorded 33. Expenditure overruns particularly on public sector wage bill posed significant risk to the Ghanaian economy in the election year 2008. According to the Government of Ghana Budget Statement (2009), personal emoluments for the election year 2008 amounted to “GH¢1,987.6 million representing 11.5 per cent of GDP”. This “outturn was 27.4 per cent higher than the budget estimate of GH¢1,559.9 million and 40.1 per cent higher than the outturn for 2007” (Government of Ghana, 2009, p.22). This wage “overrun was mainly the result of higher

than anticipated salary increases to public sector workers,” (Government of Ghana, 2009, p.22). This is consistent with the observation of the respondents that there was excessive election-related expenditure on wages and salaries.

With the aid of TABLE 3B below, this study now focuses on the impact of infrastructure spending during the 2008 election period for purposes of maximising electoral chances.

TABLE 3B: Do you think incumbent government intentionally increased the pace of infrastructure development in Ghana during the 2008 election period in order to maximise regime’s chances of winning the elections?

	Election year infrastructure development and incumbent's electoral chances 2008			Total
	Yes	No	Don't know	
Sagnarigu	40	0	10	50
Asawase	41	2	7	50
Manhyia South	43	2	5	50
Ayawaso West	48	1	1	50
Wuogon				
Madina-Abokobi	44	3	3	50
Total	216	8	26	250

Source: Field Data

Table 3B above summarises responses on whether or not government increased the pace of infrastructural development during the 2008 election in order to maximise its chances of winning. It is clear from this table that, 216 out of the total respondents of 250 answered “Yes” to the aforementioned question while 26 said they “don’t know.” Out of the number of respondents who gave a positive answer to the question, Ayawase West Wuogon topped the constituencies with 48 respondents. Madina-Abokobi trails with 44 respondents. Manhyia South and Asawase followed with 43 and 41 respectively. Sagnarigu scored the least number with 40 respondents. Significantly, the election year 2008 was characterised by expansionary fiscal policy and therefore despite robust revenue outcome “in line with the strong momentum in economic activity,” expenditures exceeded the budget estimates by a wide margin (Bank of Ghana, 2009, p.5): “total expenditure for 2008 amounted to GH¢8,009.8 million (46.5 per cent of GDP) compared with a budget estimate of GH¢6,466.1 million, and GH¢5,611.1 million (40.2 per cent of GDP) for 2007,” (Bank of Ghana, 2009, p.5). Therefore, the verdict of these Ghanaian voters across the country is consistent with this pattern of expenditure overruns and fiscal excesses in the 2008 election periods. According to CEPA (2009), “the economic outcomes” of both “2000 and 2008 election years bear several similarities.... Both years recorded significantly large fiscal deficits...on account of spending excesses that have become a characteristic feature of hotly contested presidential and parliamentary elections in the Fourth Republic of Ghana” (CEPA, 2009, p.19). Some of these expenditures went into financing election-related infrastructural development.

The data in Table 3C below and the discussions that follow offer clues to the question regarding whether or not the incumbent government manipulated the collection of taxes, levies, fees and charges during the 2008 election year in order to enhance its chances of winning.

TABLE 3C: Do you think incumbent government tried to reduce or relax in the collection of taxes, levies, fees and charges during election 2008 in order to enhance its chances of winning?

		Election period tax reduction/relaxation and incumbent's electoral chances 2008			Total
		Yes	No	Don't know	
Constituency	Sagnarigu	38	0	12	50
	Asawase	35	5	10	50
	Manhyia South	44	1	5	50
	Ayawaso West	46	2	2	50
	Wuogon				
	Madina-Abokobi	40	1	9	50
Total		203	9	38	250

Source: Field Data

According to Table 3C, 203 respondents out of a total of 250 voters surveyed agreed with the claims that in 2008 the incumbent government tried to reduce, or relax in the collection of taxes, levies, fees and charges during the election year in order to gain political advantage; 38 of the 250 said they “don’t know”. Of the 203 who answered positive, Ayawaso West Wuogon topped the list with 46 respondents. It was followed by Manhyia South with 44 voters. Madina-Abokobi had 40 voters while Sagnarigu and Asawase followed with 38 and 35 voters respectively. Available fiscal data for 2008 indicate that, fiscal policy during the year was expansionary. In contrast with this verdict regarding government policy on tax collection in 2008, available data from the Bank of Ghana suggest that in the 2008 fiscal year, revenue outcome was “robust in line with the strong momentum in economic activity during the year; and were mostly above budget targets” (Bank of Ghana, 2009, pp.5-6). For the year under discussion, total revenue and grants “was GH¢5,619.7 million (32.7 per cent of GDP), against a budget estimate of GH¢5,616.6 million. This compares with GH¢4,508.2 million (32.1 per cent of GDP) for 2007,” (Bank of Ghana, February, 2009, pp.5-6). Thus, the primary data in this instance are at variance with the existing secondary data from government and other sources.

5.4.3 Fiscal Management and Voters’ Educational Background

TABLE 3D summarises the data on educational background and fiscal expenditure on public sector workers’ compensation while TABLE 3E explains the linkage between educational background and outlays on infrastructure. TABLE 3F outlines data on educational background and domestic revenue mobilisation.

TABLE 3D: Do you think incumbent government deliberately increased salaries, wages and allowances of public sector workers during the 2008 elections in order to enhance its chances of winning?

		Public sector compensation increases in election year and incumbent's electoral chances 2008			Total
		Yes	No	Don't know	
Educational Level	No formal Education	69	7	17	93
	Secondary/SHS	74	6	6	86
	Tertiary	56	5	10	71
Total		199	18	33	250

Source: Field Data

Responses to the question: “do you think incumbent government deliberately increased salaries, wages and allowances of public sector workers during the 2008 elections in order to enhance its chances of winning?” were as follows. Out of total of 250 voters, 199 answered “Yes” while 33 answered “don’t know; 74 out of the 199 respondents who answered “Yes” have secondary education while 69 have no formal education. Those with tertiary education background are 56.

TABLE 3E: Do you think government intentionally increased the pace of infrastructure development in Ghana during the 2008 election periods in order to maximise its chances of winning?

		Election year infrastructure development and incumbent's electoral chances 2008			Total
		Yes	No	Don't know	
Educational Level	No formal Education	81	3	9	93
	Secondary/SHS	75	5	6	86
	Tertiary	60	0	11	71
Total		216	8	26	250

Source: Field Data

Out of a total of 250 respondents, 216 answered “Yes” to this question while 26 said they “don’t know.” Majority (81) of those who answered in the affirmative said they have no formal education, 75 have secondary education while 60 have tertiary education.

TABLE 3F: Do you think incumbent government tried to reduce or relax in the collection of taxes, levies, fees and charges during the 2008 election in order to maximise its chances of winning?

		Election period tax reduction/relaxation and incumbent's electoral chances 2008			Total
		Yes	No	Don't know	
Educational Level	No formal Education	73	5	15	93
	Secondary/SHS	70	1	15	86
	Tertiary	60	3	8	71
Total		203	9	38	250

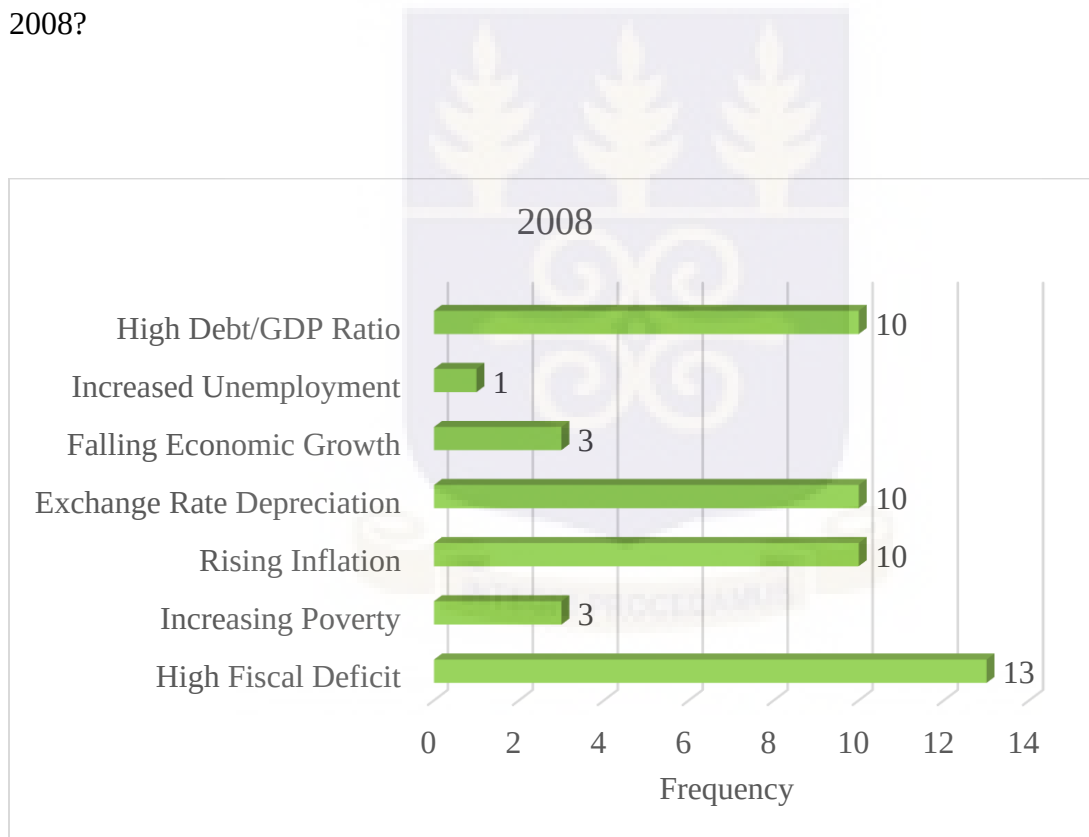
Source: Field Data

A total of 250 voters responded to the question on the incumbent's management of tax collection during the 2008 elections. Out of this, 203 agreed with the claim, 38 said they "don't know". Among the 203 who gave an affirmative answer, the majority (73) have no formal education. Those with secondary and tertiary education are 70 and 60 respectively.

5.4.4 Impact of the Election-related Fiscal Excesses

This study now measures the impact of election-inspired fiscal excesses and slippages on the economy. The results from the questionnaire which we administered on policymakers, academics, politicians and stakeholders with deep knowledge on Ghana's economy and its interactions with the democratic process are as follows;

Chart 6: What were the impacts of the election-related fiscal excesses on the overall economy in 2008?



Source: Field Data

“High fiscal deficit” registered the highest frequency of 13, “Rising inflation” and “exchange rate depreciation” recorded 10 each. “Increasing poverty” and “falling economic growth” had a

tally of 3 each. Finally, “increased unemployment” and “high debt/GDP ratio” scored 1 and 10 respectively. These responses are consistent with the available secondary data. For instance, in the aftermath of the 2008 election and the subsequent handover of power on January 7, 2009, the government that assumed the mantle of administration, rushed for an IMF-supported stabilisation programme to bring back soundness to the economy and the public finances. According to the 2009 Mid-year review Budget, the new government...

...inherited a rundown economy characterized by severe imbalances that resulted in a huge public debt and a ballooned overall budget deficit of 14.5 per cent of GDP. The huge deficit did not include expenditure arrears and commitments which are...estimated at about GH¢1.7 billion, equivalent to 9.7 per cent of GDP for 2008. The deficit was largely driven by lack of prudence in public spending and misplaced priorities. (Government of Ghana, 2009, pp.3-4)

Further, “the overall budget deficit including divestiture receipts would have been in the threshold of 24.2 per cent of GDP if the arrears and commitments had been taken into account” (Government of Ghana, 2009, pp.3-4). Again, all the macro-economic targets set by the 2008 Budget were missed. For instance, real GDP growth rate which was set at 7.0 per cent, ended at 6.2 per cent; end period inflation was expected at between 6.0 and 8.0 per cent, but stood at 18.1; average inflation of 7.0 per cent ended at 16.5 per cent; “gross international reserves equivalent to at least three months of import cover,” managed 1.8 months; “an overall budget deficit including divestiture of 4.0 per cent of GDP and a deficit excluding divestiture of 5.7 per cent of GDP stood at GH¢2,557.6 million, equivalent to 14.9 of GDP,” and “adding divestiture receipts, however, reduced the deficit to GH¢1,982.9 million, equivalent to 11.5 per cent of GDP” (Government of Ghana, 2009, p.14). Consequently, fiscal management in the 2008

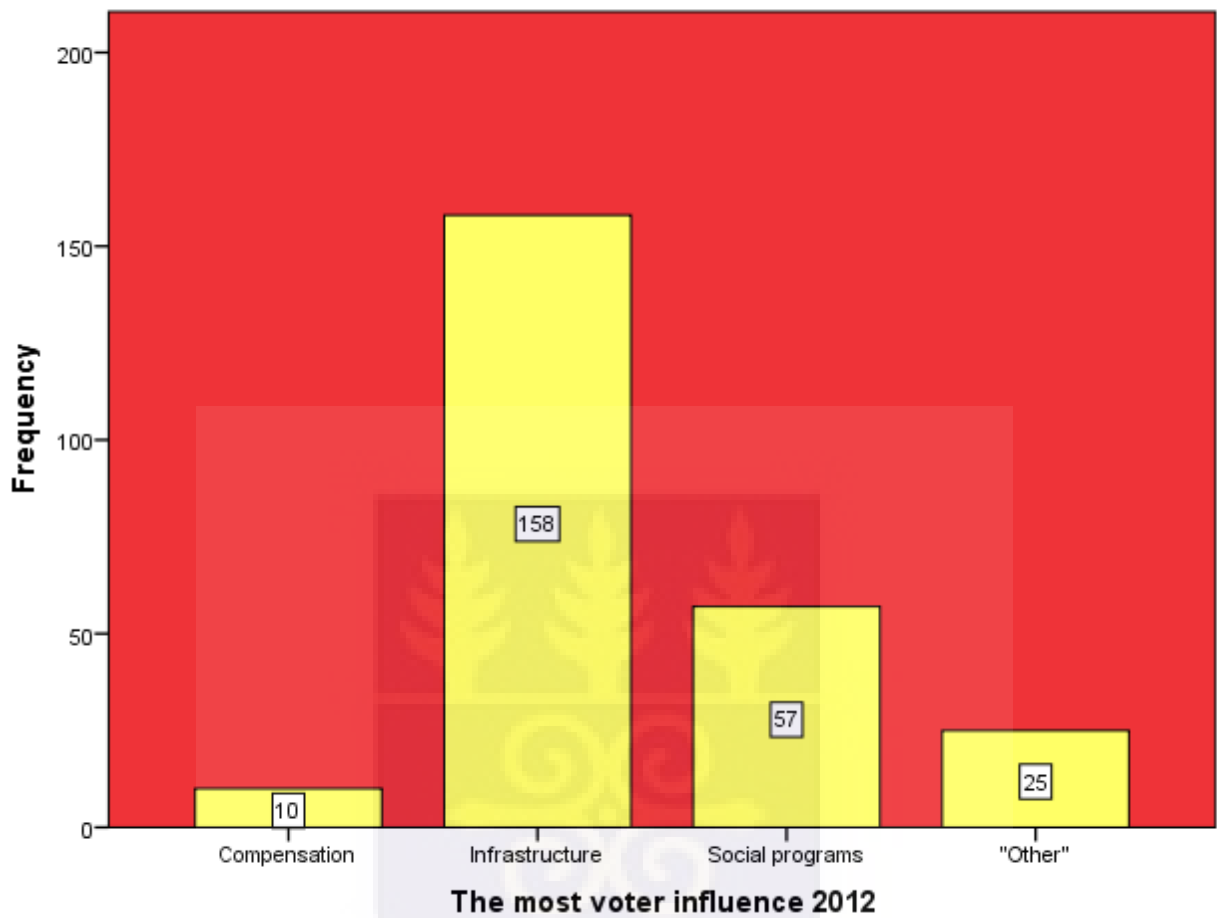
elections ushered the nation and the economy into another protracted and painful period of fiscal adjustment and consolidation.

5.5 2012 ELECTIONS

Election 2012 represented a unique year in fiscal policy management given the fact that a sitting President, Prof. J.E.A. Mills had suddenly passed on and for the first time since the beginning of the Fourth Republic, a vice-president, John Dramani Mahama had replaced him and was expected to represent his party the NDC in the presidential polls slated for the end of the year. Chart 7 below and the analysis that follows highlights economic and fiscal management issues that are germane to this study.

5.5.1 Fiscal Management and Voter Influence

Chart 7: What influenced you the most in voting for the party/parties you selected in the 2012 elections?



Source: Field Data

From Chart 7, out of a total of 250 responses, infrastructure development exerted the most influence. The majority (158) of voters in the 2012 elections identified it. Social programmes followed with 57 responses, compensation was identified by 10 respondents. "Other" recorded 25.

While several infrastructure developments were undertaken by successive governments for decades, Ghanaians across the country were still experiencing the impact of the gap in infrastructure development in their daily lives. Thus, despite for example the Power Sector

Reform Programme (PSRP), rural electrification programme, the West Africa Gas Pipeline, the Bui Hydro Electric Project and others aimed at improving the power sector infrastructure in order to increase access to power, electricity problems remained a major stumbling block in economic transformation and poverty reduction (Government of Ghana, 2005, pp.96- 100). Hydrocarbon resources were discovered in 2007 in the country. Commercial production at the offshore Jubilee oil field started in 2010 with 55,000 barrels produced per day. Since then oil and later gas resources and their proceeds have been central to the nation's fiscal arithmetic (IFS, 2015; Skaten, 2018). The hydrocarbon industry has, on the average, contributed about US\$500m to the central government's budget annually and in 2011, "commercial production of oil led to a significant GDP growth of 14.0 per cent, making the country the highest growing economy in sub-Saharan Africa," (IFS, 2015, p.2). However, despite these important additions to the Ghanaian economy, voters were still grappling with energy problems. It is not surprising that respondents considered infrastructure development, including that in the power sector, as the most important element in their electoral preference in the 2012 elections.

Social intervention programmes emerged as the next influential factor influencing voters' choices in the 2012 elections. This factor had a frequency of 57. The importance of this issue can be fathomed from the fact that, despite some successes in the implementation of the various pro-poor and social intervention initiatives by various governments, in line with the various medium-term programmes, such as the Ghana Shared Growth and Development Agenda (GSGDA), Millennium Development Goals (MDGs) and Poverty Reduction and Growth Facility (PRGF), incidence of poverty and a sense of exclusion are still prevalent, especially in the rural parts of the country (Government of Ghana, 2010, pp.281-300). For instance, while Ghana has made giant strides in meeting some of the MDGs targets such as "poverty reduction, primary school

completion, and access to potable water” ahead of time, others, “such as under-5 mortality, maternal mortality, gender equality, and access to improved sanitation, are off-track by wide margins” across the country (UNDP, 2014, p.5).

The issues of public sector compensation scored 10 after the “other.” The problem of compensation of public sector workers was still a source of concern to Ghanaian workers and citizens in general despite the fact that the implementation of the Single Spine Salary Structure (SSSS) was far advanced (Government of Ghana, 2011, p.7). Fiscal year 2012 witnessed a higher than budgeted increase in the public sector wage bill with a base pay increase of 18 per cent in February 2012 despite the single digit inflation (CEPA, 2013, p.5). Pay roll auditing mechanisms agreed with the IMF under the Extended Credit Facility (ECF) programme from 2009-2012 to help bring down the 2008 election-related fiscal deficit had resulted in net employment freeze and some challenges in releasing the monthly salaries of scores of workers, especially newly employed graduates while names of other public sector employees strangely disappeared from the wage bill (CEPA, 2013, pp.5-6). This, together with the initial gradual migration and delay in the payment of salary arrears of employees under the SSSS created some anxieties among some public sector employees (IFS, 2016).

5.5.2 Voters and Domestic Revenue and Expenditure

We now turn attention to the influence of the voters’ constituency on their judgment on fiscal policy management in the 2012 general elections, particularly, regarding the issues of domestic revenue and expenditure. Together with TABLE 4A, this section seeks to answer the question:

“do you think incumbent government deliberately increased salaries, wages and allowances of public sector workers during the 2012 elections in order to enhance its chances of winning?”

TABLE 4A: Do you think incumbent government deliberately increased salaries, wages and allowances of public sector workers during the 2012 elections in order to enhance its chances of winning?

	Public sector compensation increases in election year and incumbent's electoral chances 2012			Total
	Yes	No	Don't know	
Sagnarigu	34	4	12	50
Asawase	43	1	6	50
Manhyia South	43	4	3	50
Ayawaso West	44	1	5	50
Wuogon				
Madina-Abokobi	40	6	4	50
Total	204	16	30	250

Source: Field Data

From Table 4A above, there is very little variation in the frequency of responses of all voters who answered “Yes” to the above question. Out of a total of 204 who said “Yes,” Manhyia South and Asawase recorded 43 each. Ayawasu West Wuogon emerged the highest with 44 responses while Madina-Abokobi recorded 40 frequencies. Sagnarigu scored the lowest with 34. 30 answered “don’t know.” Fiscal policy management in the election year 2012, just like all the election years examined in this study, was also expansionary with “total expenditures, including arrears clearance and commitments” amounting “to GH¢24.8 billion (34.5% of GDP) in 2012..., 14.7 per cent higher than the budget target” (Bank of Ghana, 2013, p.3). This “high expenditure growth was due to increased recurrent spending amounting to GH¢16.5 billion, 26.5 per cent more than the budget” and driven partly by “higher payments in respect” of wages and salaries which in 2012 stood at “GH¢7.5 billion against a target of GH¢5.6 billion” (Bank of Ghana, 2013, p.3). The bloated wage bill in 2012 was the result of the implementation of the single spine pay policy and the wage bill arrears that the pay reform policy had accumulated.

Table 4B below summarises answers to the question: “do you think government intentionally increased the pace of infrastructure development in Ghana during the 2012 election period in order to maximise its chances of winning?” The following discussions complement the responses.

Table 4B: Do you think government intentionally increased the pace of infrastructure development in Ghana during the 2012 election period in order to maximise its chances of winning?

		Election year infrastructure development and incumbent's electoral chances 2012			Total
		Yes	No	Don't know	
Constituency	Sagnarigu	39	2	9	50
	Asawase	45	2	3	50
	Manhyia South	45	2	3	50
	Ayawaso West	48	1	1	50
	Wuogon				
	Madina-Abokobi	40	6	4	50
Total		217	13	20	250

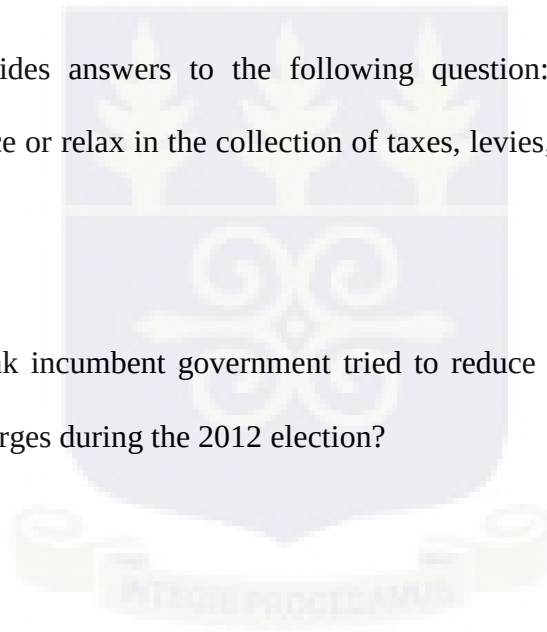
Source: Field Data

From TABLE 4B above, 217 out of the total 250 voters answered “Yes” to the question, while 20 answered “don’t know.” Out of the 217 responses, Ayawase West Wuogon recorded the highest responses with 48, while Sagnarigu recorded the lowest with 39. Manhyia South and Asawase recorded 45 each while Madina-Abokobi registered 40. Although majority of respondents answered “Yes” to the claim that the incumbent used infrastructure as bait for garnering maximum electoral advantage in the 2012 elections, available data do not support increase in infrastructure expenditure. According to the 2013 Government’s Budget Statement, capital expenditure in 2012 “totalled GH¢4,793.3 million, 19.7 per cent lower than the budget

target of GH¢5,972.3 million” (Government of Ghana, 2013, pp. 30-31). However, this amount is “28.7 per cent higher than the outturn for 2011” (Government of Ghana, 2013, pp. 30-31). The reason for the dwindling share of infrastructure or capital spending in the annual budgetary allocations in recent years is the rise in interest payments and the bloated wage bill. These budgetary items, together with arrears accumulated across all sectors of the national economy for over a decade now have closed the available fiscal space created by the HIPC initiative and MDRI.

TABLE 4C below provides answers to the following question: “do you think incumbent government tried to reduce or relax in the collection of taxes, levies, fees and charges during the 2012 elections?”

TABLE 4C: Do you think incumbent government tried to reduce or relax in the collection of taxes, levies, fees and charges during the 2012 election?



		Election period tax reduction/relaxation and incumbent's electoral chances 2012			Total
		Yes	No	Don't know	
Constituency	Sagnarigu	38	0	12	50
	Asawase	41	2	7	50
	Manhyia South	45	2	3	50
	Ayawaso West	46	2	2	50
	Wuogon	43	2	5	50
	Madina-Abokobi	43	2	5	50
Total		213	8	29	250

Source: Field Data

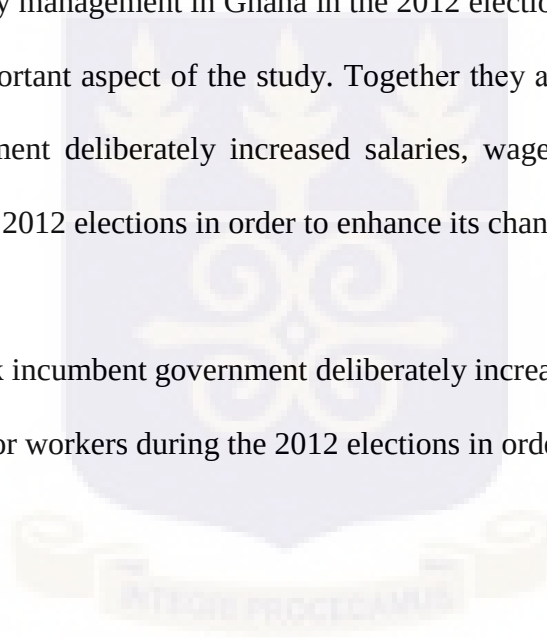
Out of the 250 respondents who answered this question, 213 agreed with the proposition that the incumbent government tried to reduce or relax in the collection of taxes, levies, fees and charges during the 2012 election and 29 answered “don’t know.” Ayawaso West Wuogon emerged the highest with 46, followed by Manhyia South (45), Madina-Abokobi, (43); Asawase, 41 and Sagnarigu, (38); in that order. Despite the overwhelmingly positive responses on the question of government reduction or relaxation in revenue collection in the 2012 election, available data indicate that during the year, “revenue from all sources showed significant increases relative to their targets, except for direct taxes and revenue from other sources, including Social Security and National Insurance Trust (SSNIT) contributions and compared to the corresponding levels in 2011...the reported revenue from all sources recorded significant increases” (IFS, 2016, p.20).

Thus, “total domestic revenue was equal to GH¢15.5 billion, indicating an increase of 0.8% above the target for the year but 32.8% higher than the amount recorded in 2011” (IFS, 2016, p.20).

5.5.3 Fiscal Management and Voters’ Educational Background

The study now focuses on the linkage between the educational background of voters and their assessment of fiscal policy management in Ghana in the 2012 election period. Tables 4D, 4E and 4F shed light on this important aspect of the study. Together they answer the question: “do you think incumbent government deliberately increased salaries, wages and allowances of public sector workers during the 2012 elections in order to enhance its chances of winning?”

TABLE 4D: Do you think incumbent government deliberately increased salaries, wages and allowances of public sector workers during the 2012 elections in order to enhance its chances of winning?



		Public sector compensation increases in election year and incumbent's electoral chances 2012			Total
		Yes	No	Don't know	
Educational Level	No formal Education	86	2	5	93
	Secondary/SHS	64	10	12	86
	Tertiary	54	4	13	71
	Total	204	16	30	250

Source: Field Data

Responses to the question in Table 4D above indicate that, out of the total of 204 who answered “Yes” to the question, the majority (86) have no formal education while those with secondary and tertiary education are 64 and 54 respectively.

TABLE 4E: Do you think government intentionally increased the pace of infrastructure development in Ghana during the 2012 election period in order to maximise its chances of winning?

		Election year infrastructure development and incumbent's electoral chances 2012			Total
		Yes	No	Don't know	
Educational Level	No formal Education	80	3	10	93
	Secondary/SHS	71	6	9	86
	Tertiary	66	4	1	71
Total		217	13	20	250

Source: Field Data

From the Table 4E above, out of 217 who responded “Yes” to the question, 80 have no formal education, 71 have secondary education and 66 have tertiary. However, 20 answered “don’t know.”

TABLE 4F: Do you think incumbent government deliberately increased salaries, wages and allowances of public sector workers during the 2012 elections in order to enhance its chances of winning?

		Election period tax reduction/relaxation and incumbent's electoral chances 2012			Total
		Yes	No	Don't know	
Educational Level	No formal Education	78	4	11	93
	Secondary/SHS	75	2	9	86
	Tertiary	60	2	9	71
Total		213	8	29	250

Source: Field Data

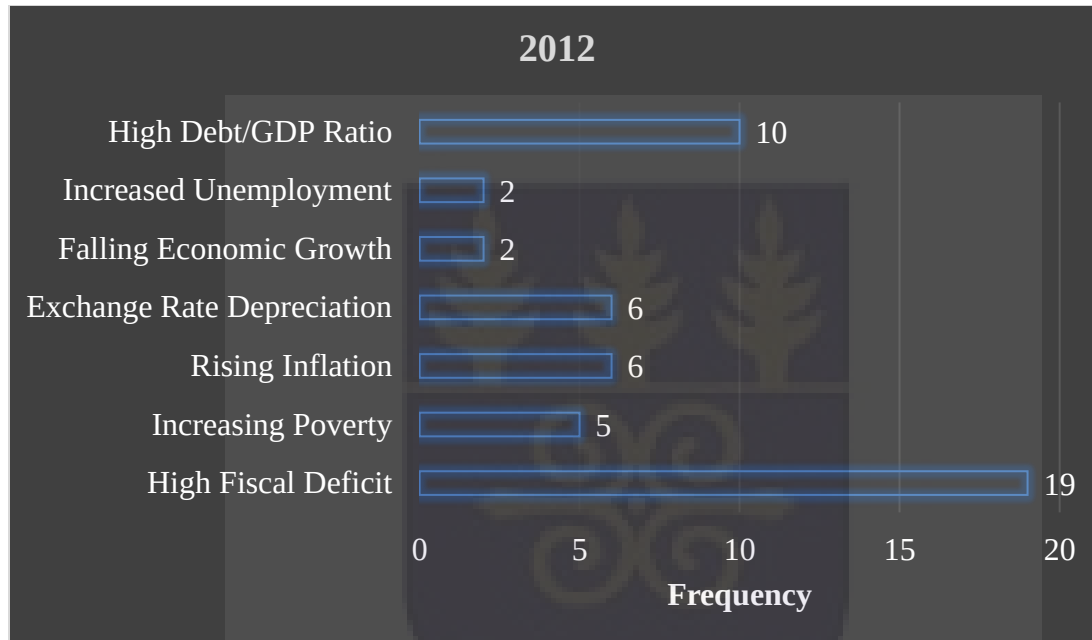
Gleaning from Table 4F above, those who answered “Yes” to the question totalled 213 while “don’t know responses stood at 29. Out of the 213, 78 have no formal education. Those with secondary and tertiary education are 75 and 60 respectively.

5.5.4 Impact of the Election-related Fiscal Excesses

We now assess the impact of election-inspired fiscal excesses and slippages on the Ghanaian economy in the aftermath of the 2012 elections. Discussion of the data from the accompanying Chart 8 provides answers to the question: “what are the impacts of the election-related fiscal excesses on the Ghanaian economy in 2012?” The responses for this section are from the answers to Questionnaire Two which was administered to academics, policymakers, politicians,

and others with in-depth knowledge of Ghana's fiscal management and its impacts on the Ghanaian economy.

Chart 8: What were the impacts of the election-related fiscal excesses on the Ghanaian economy in 2012?



Source: Field Data

From Chart 8 above, 19 respondents said election-related fiscal excesses and slippages had created “high fiscal deficit” while 5 noted that it had led to “increasing poverty”. “Rising inflation” and “exchange rate depreciation” recorded 6 responses each. Again, “falling economic growth” and “increased unemployment” also recorded 2 responses. Finally, 10 respondents suggested that election-related fiscal excesses and slippages created “high debt/GDP ratio”. Thus, there is no doubt that in 2012, election-related fiscal excesses, and slippages severely distressed the economy. While the expenditure overruns of the election led to a high budget

deficit of almost 12 per cent of GDP, other macro-economic indicators such as inflation, exchange rate depreciation and GDP growth were also high (Government of Ghana, 2014, p.1). In fact, the fragility of the economy after the 2012 elections explained the persistence of the fiscal deficit, which for three consecutive years (2012, 2013 and 2014) had remained above double digit (i.e. above 10 per cent of GDP) after substantially improving in 2011 due to oil revenue and disciplined fiscal policy management (Younger, 2016; TUC, 2015, p.2). This trend continued notwithstanding the implementation of the numerous public financial management reforms such as the Gt Integrated Financial Management Information System (GIFMIS), the Treasury Single Account (TSA) and the integration of all the revenue agencies into the Ghana Revenue Authority (GRA) (Government of Ghana, 2012). On the monetary side, “the stock of Net International Reserves (NIR) at the end of 2013 was estimated at US\$2.1 billion, indicating a drawdown of US\$1,165.1 million from a stock position of US\$3.2 billion at the end of December 2012” (Bank of Ghana, 2013, p.19). However, the Bank of Ghana attributed the challenging economic situation in 2013 mainly to the prevailing air of political uncertainty from the 2013 election petition which challenged the results of the 2012 election, “pressures in the fiscal and external sectors, and the severe energy crisis that confronted the country” (Bank of Ghana, 2013, p.1).

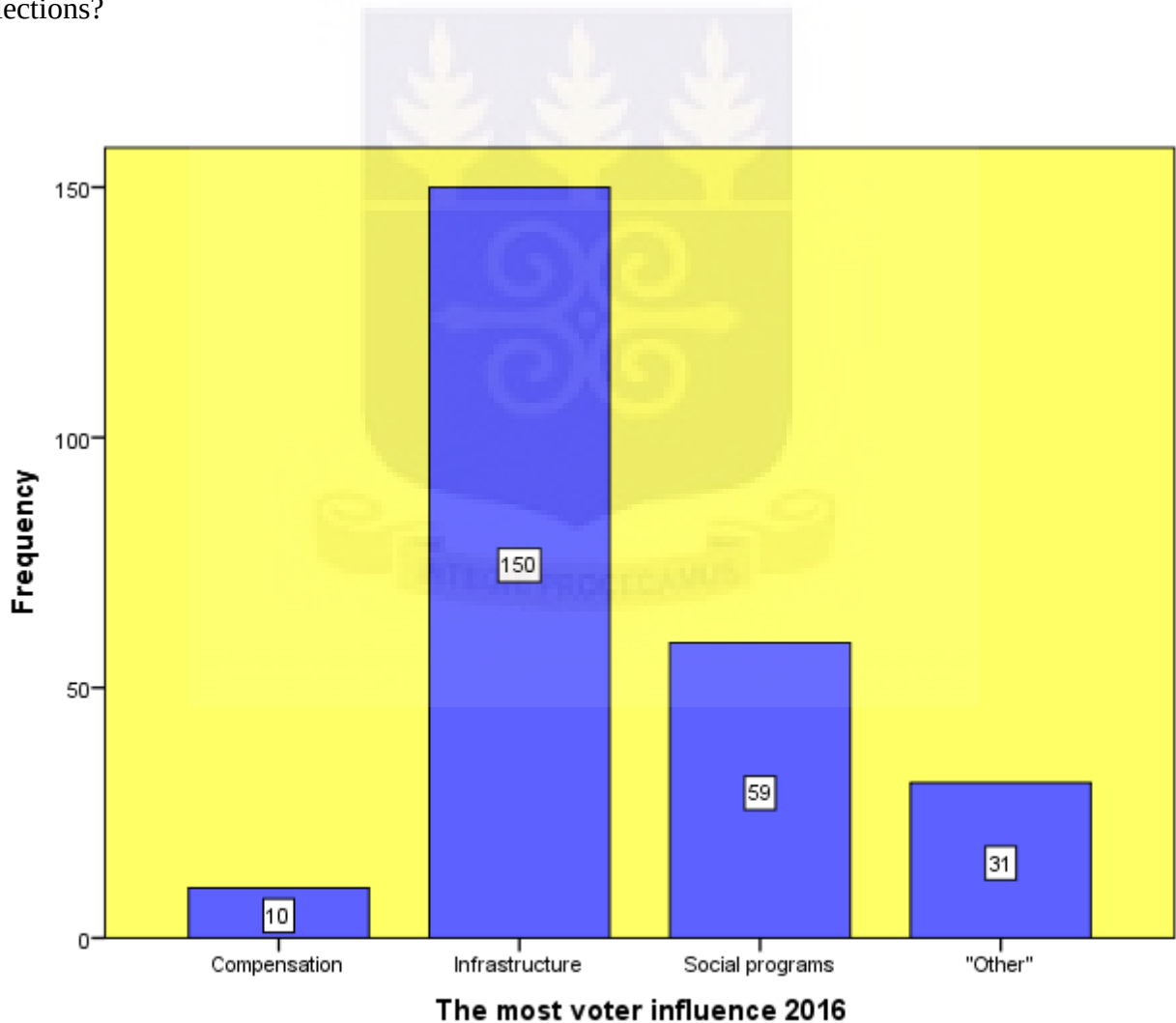
5.6 2016 ELECTIONS

Election 2016 represented yet another turning point in the political history of the Fourth Republic because an incumbent president was contesting for re-election to do his second tenure. The electoral contest was keen. Therefore, fiscal policy management was expected to mirror the

dynamics of the elections. Chart 9 summarises the pertinent fiscal policy issues that undergirded fiscal year 2016. We posed the question: “what influenced you the most in voting for the party/parties you selected in 2016 election?”

5.6.1 Fiscal Management and Voter Influence

Chart 9: What influenced you the most in voting for the party/parties you selected in the 2016 elections?



Source: Field Data

By far, the fiscal management issue which exerted the most influence on Ghanaian voters in the 2016 elections was infrastructure development. It emerged the highest with 150 responses, followed by social intervention programmes which scored 59 responses, and compensation, which received 10 responses. Thirty-one (31) respondents selected “other.” This was the state of affairs despite developmental efforts by almost all governments, including the implementation of the Infrastructure Services Sector project which in 2003 was allocated “GH¢1,663.5 billion (representing 15.9 per cent of total discretionary expenditure)” (Government of Ghana, 2003, p.4). Ghanaians have been struggling with infrastructure problems, particularly in the most important sectors such as water, energy, electricity, education and road (Government of Ghana, 2003, p.4). Again, this was notwithstanding the fiscal space opened by the oil receipts and Ghana’s new status as a middle-income country. The new fiscal space had financially empowered the country to seek non-concessional borrowing such as the US\$3 billion facility from the China Development Bank (CDB) which was approved by Parliament in August 2001 (AfDB, OECD, UNDP, UNECA, 2012, p.2). The facility, which was by then the largest ever secured by Ghana under any regime, was to finance the nation’s infrastructure deficit identified in the medium-term national development strategy, the Ghana Shared Growth and Development Agenda (GSGDA- I and II) (AfDB, OECD, UNDP, UNECA, 2012, p.2). However, apart from the gas processing plant at Atuabo, none of the other infrastructure projects promised under the facility came into fruition.

Social intervention programmes with a frequency of 59 represented the second most influential factor on voting in the 2016 elections. This is understandable considering the raging impact of poverty and social deprivation among a large section of Ghanaians particularly in the rural areas.

In response, government, through the Ghana Shared Growth and Development Agenda (GSGDAII 2014-2017) and other partner programmes, has over the years scaled up expenditure on “activities of MDAs and MMDAs which are considered to be poverty related”... and geared towards supporting “the provision of basic education, primary health care, poverty-focused agriculture, rural water, feeder roads and rural electrification” (Government of Ghana, 2015, p.239). For instance, in 2015,

...out of a total budget of GH¢34,402.43 million..., an amount of GH¢7,594.34 million, representing 22.08 per cent was earmarked for poverty reduction activities. By the end of September, 2015, a total of GH¢5, 290.87 million had been spent, representing 24.18 per cent of the total Government expenditures of GH¢21, 884.32 million. (Government of Ghana, 2016, p.160)

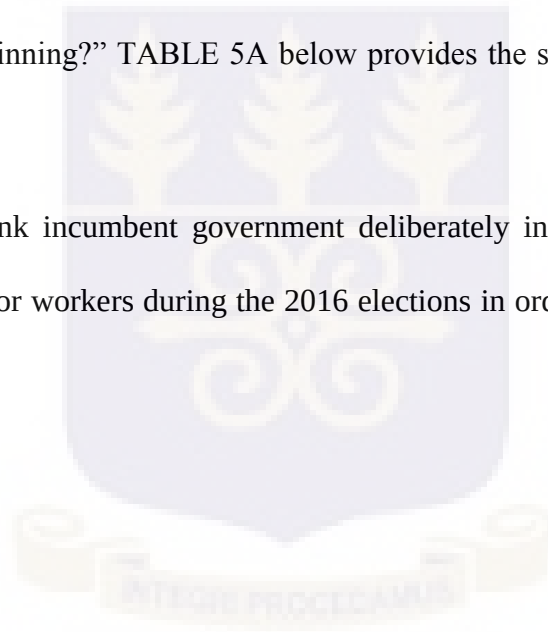
Compensation also scored 10 frequencies from the survey on 2016 voters. The problem of public sector compensation has become intractable since the inception of the Fourth Republic. Over the period, the TUC has pinned the blame of Ghanaian workers’ and citizens’ financial woes and the erosion of their purchasing power on the macro-economic and fiscal policies of government under various IMF-supported stabilisation programmes, particularly the frequent increase in taxes, government fees and charges (TUC, 2015). This is in spite of the successful migration of all public sector workers to the new pay policy, the Single Spine Salary Structure. As part of efforts at finding an amicable and lasting solution to the problem, “Government and its social partners, notably Organised Labour/Association and the Ghana Employers Association...concluded in September, the national minimum wage and public sector wage negotiations for the 2016 fiscal year ahead of” the presentation of the annual national budget

with the view to avoiding “any compensation related slippages or overruns, that could compromise” the fiscal consolidation programme (Government of Ghana, 2016, p.2).

5.6.2 Voters and Domestic Revenue and Expenditure

The next discussion, which is based on Table 5A (below), is about the influence of the voter’s constituency on his opinion regarding fiscal policy management in the 2016 general elections. It offers a clue to the question: “do you think incumbent government deliberately increased salaries, wages and allowances of public sector workers during the 2016 elections in order to enhance its chances of winning?” TABLE 5A below provides the statistical building blocks for the analysis.

TABLE 5A: Do you think incumbent government deliberately increased salaries, wages and allowances of public sector workers during the 2016 elections in order to enhance its chances of winning?



		Public sector compensation increases in election year and incumbent's electoral chances 2016			Total
		Yes	No	Don't know	
Constituency	Sagnarigu	37	5	8	50
	Asawase	36	1	13	50
	Manhyia South	40	5	5	50
	Ayawaso West	48	1	1	50
	Wuogon	42	4	4	50
	Madina-Abokobi	42	4	4	50
Total		203	16	31	250

Source: Field Data

From Table 5A above, the total number of voters who answered “Yes” to the question on the 2016 elections is 203 while 31 answered “don’t know.” Out of the 203, Ayawasu West Wuogon had the highest number of 48. It is followed by Madina-Abokobi with 42, then Manhyia South with 40. Sagnarigu and Asawase followed with 37 and 36 respectively. In the fiscal year 2016, expenditure on public sector wages and salaries stood at “GH¢12,109.9 million, 3.3 per cent higher than the budget target of GH¢11,722.8 million, and 14.7 per cent higher than the outturn for the same period in 2015” (Government of Ghana, 2017, p.20). Again, “an amount of GH¢458.0 million was spent on the clearance of wage arrears from previous years”, bringing the total expenditure on wages and salaries in 2016 to GH¢12,567.9 million (Government of Ghana, 2017, p.20). Thus, gleaning from these fiscal outturns, fiscal year 2016, just like the previous

election years examined in this study was not immune from the fiscal excesses resulting from a bloated wage bill.

Table 5B below provides answers to the question: “do you think government intentionally increased the pace of infrastructure development in Ghana during election periods in order to maximise its chances of winning the 2016 elections?”

TABLE 5B: Do you think government intentionally increased the pace of infrastructure development in Ghana during the 2016 election period in order to maximise its chances of winning?

		Election year infrastructure development and incumbent's electoral chances 2016			Total
		Yes	No	Don't know	
Constituency	Sagnarigu	45	0	5	50
	Asawase	44	3	3	50
	Manhyia South	46	2	2	50
	Ayawaso West	48	1	1	50
	Wuogon				
	Madina-Abokobi	45	2	3	50
Total		228	8	14	250

Source: Field Data

According to TABLE 5B, 228 out of a total of 250 voters gave a “Yes” response while 14 answered “don’t know” to the question. Of all those who gave a “Yes” answer, Ayawasu West Wuogon registered 48 frequencies while Manhyia South registered 46. Both Madina-Abokobi and Sagnarigu registered 45 while Asawase scored the lowest frequency with 44 responses. Surely, infrastructure expenditure was scaled up in the 2016 elections, leading to the reported fiscal excesses in that year. According to the Monetary Policy Committee (MPC) of Bank of Ghana, “fiscal outturn for 2016 showed a higher deficit than targeted... with the overall provisional budget deficit” standing at “8.7 per cent of GDP against a target of 5.0 per cent” (Bank of Ghana, March, 2017, p.2). This “fiscal slippage was attributed to both expenditure overruns and revenue shortfalls,” signalling a return to the path of fiscal indiscipline in yet another election year (Bank of Ghana, March, 2017, p.2). It must be emphasised that, these fiscal inefficiency was witnessed despite the raft of macro-economic reform policies being implemented under the three-year IMF-supported Extended Credit Facility (ECF) signed in April 2015 to restore debt sustainability, macro-economic stability and “to foster a return to high economic growth and job creation” (Bank of Ghana, 2017, p.29).

The discussions below together with TABLE 5C provide a clue to the question: “do you think incumbent government tried to reduce or relax in the collection of taxes, levies, fees and charges during the 2016 election in order to enhance its chances of winning?”

TABLE 5C: Do you think incumbent government tried to reduce or relax in the collection of taxes, levies, fees and charges during the 2016 election in order to enhance its chances of winning?

		Election period tax reduction/relaxation and incumbent's electoral chances 2016			Total
		Yes	No	Don't know	
Constituency	Sagnarigu	39	0	11	50
	Asawase	45	3	2	50
	Manhyia South	45	2	3	50
	Ayawaso West	46	2	2	50
	Wuogon	46	2	2	50
	Madina-Abokobi	46	2	2	50
Total		221	9	20	250

Source: Field Data

From the table above, 221 voters out of the 250 respondents who answered the above question responded “Yes,” whereas 20 answered “don’t know.” Ayawaso West Wugon and Madina-Abokobi recorded the highest “Yes” response with 46 each. Asawase and Manhyia South also

recorded 45 each while Sagnerigu recorded 39. It must be stressed that, in 2016 the economy was characterised by election-related “large fiscal slippage and poor revenue performance” resulting “in a fiscal deficit of 10.3 per cent of GDP...,” an obvious departure from the” IMF-supported ECF Programme which set a “fiscal deficit target of 5.3 per cent of GDP” (Government of Ghana, 2017, p.2). Again, issues of taxation were one of the frontline campaign issues during election 2016, so it is understandable that government would be unwilling to use the “stick approach” to collect the needed revenue to close the fiscal gap.

5.6.3 Fiscal Management and Voters’ Educational Background

We now focus on the relationship between the educational background of 2016 voters and their perspectives on fiscal policy management in Ghana during that year’s elections. With the support of Tables 5D, 5E, and 5F this segment of the study explores this relationship.

TABLE 5D: Do you think incumbent government deliberately increased salaries, wages and allowances of public sector workers during the 2016 elections in order to enhance its chances of winning?

		Public sector compensation increases in election year and incumbent's electoral chances 2016			Total
		Yes	No	Don't know	
Educational Level	No formal Education	71	6	16	93
	Secondary/SHS	72	7	7	86
	Tertiary	60	3	8	71
	Total	203	16	31	250

Source: Field Data

TABLE 5D above indicates that, out of the total of 250 who responded, 203 gave a “Yes” answer to the question. Out of this, 71 had no formal education, 72 had secondary education while 60 had tertiary education. Again, from the overall total, 31 answered “don’t know.”

TABLE 5E: Do you think government intentionally increased the pace of infrastructure development in Ghana during the 2016 election periods in order to maximise its chances of winning?

		Election year infrastructure development and incumbent's electoral chances 2016			Total
		Yes	No	Don't know	
Educational Level	No formal Education	82	4	7	93
	Secondary/SHS	76	3	7	86
	Tertiary	70	1	0	71
Total		228	8	14	250

Source: Field Data

It is clear from TABLE 5E above that, out of the total of 250 voters who answered the above question, 228 answered “Yes.” From this number, 82 had no formal education, 76 and 70 had secondary and tertiary education, respectively. Moreover, from the overall total, 14 answered “don’t know.”

TABLE 5F: Do you think incumbent government deliberately increased salaries, wages and allowances of public sector workers during the 2016 election period in order to enhance its chances of winning?

		Election period tax reduction/relaxation and incumbent's electoral chances 2016			Total
		Yes	No	Don't know	
Educational Level	No formal Education	81	3	9	93
	Secondary/SHS	78	3	5	86
	Tertiary	62	3	6	71
Total		221	9	20	250

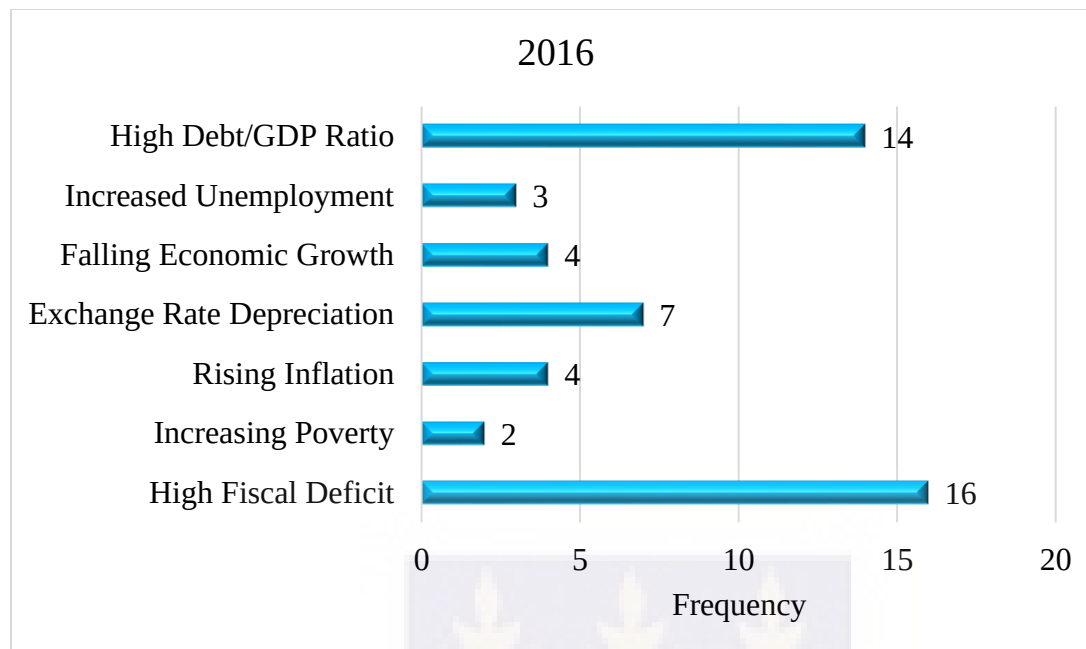
Source: Field Data

A total of 250 voters responded to the question, out of which 221 answered “Yes” and 20 answered “don’t know.” Of the 221 respondents, 81 had no formal education while 78 had secondary education. Finally, 62 had tertiary education qualification.

5.6.4 Impact of the Election-related Fiscal Excesses

We now turn attention to the impact of election-related fiscal excesses on the national economy. Chart 10 provides answer to this. It is worth recalling that Chart 10 is based on responses to Questionnaire Two which was administered to stakeholders such as academics, policymakers and politicians who have good knowledge of Ghana’s fiscal management.

Chart 10: What were the impacts of the election-related fiscal excesses on the overall economy in 2016?



Source: Field Data

Chart 10 shows that 16 respondents endorsed the claim that election-related fiscal excesses led to “high fiscal deficits.” On the other hand, 2 respondents identified “increasing poverty” as the major impact. Furthermore, 4 respondents said the 2016 election-related fiscal excesses led to “rising inflation” whereas 7 identified “exchange rate depreciation” as the impact. “Falling economic growth”, “increased unemployment” and “high debt/GDP ratio” registered 4, 3 and 14 in that order. It is clear from Chart10 that fiscal excesses have had serious negative implications on the national economy in 2016 and the succeeding years. For instance, according to the GoG (2017) in 2016, the economy registered fiscal deficit of 9.3 per cent of GDP (on a cash basis) instead of the budget target of 5 per cent;

...a primary deficit of 1.4 per cent of GDP against a target surplus of 1.2 per cent of GDP, high debt-to-GDP ratio (73.1 per cent of GDP); high inflation (15.4 per cent); high interest rate (91-TB rate: 16.4 per cent); low credit to the private sector; weak

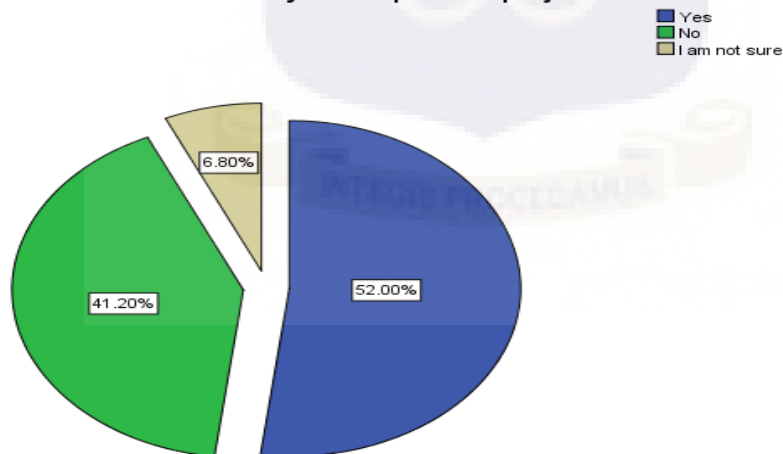
domestic revenue mobilisation; low external Reserves of 2.8 months of Import Cover; policy reversals including some unconstrained expenditures (Gh¢7bn of outstanding commitments and undischarged obligations); and weak economic growth (3.5 per cent, lowest in fifteen years). (Government of Ghana, 2017, p.8.)

5.7 Fiscal Management and Voter Behaviour

We now discuss voter behaviour and some fiscal policy management variables. Chart 11 addresses the question: “if an incumbent government from a party you have not been voting for constructs major roads, hospitals, schools, electricity, affordable housing, water facilities, etc., during election year in your constituency, would you consider voting for it?”

Chart 11

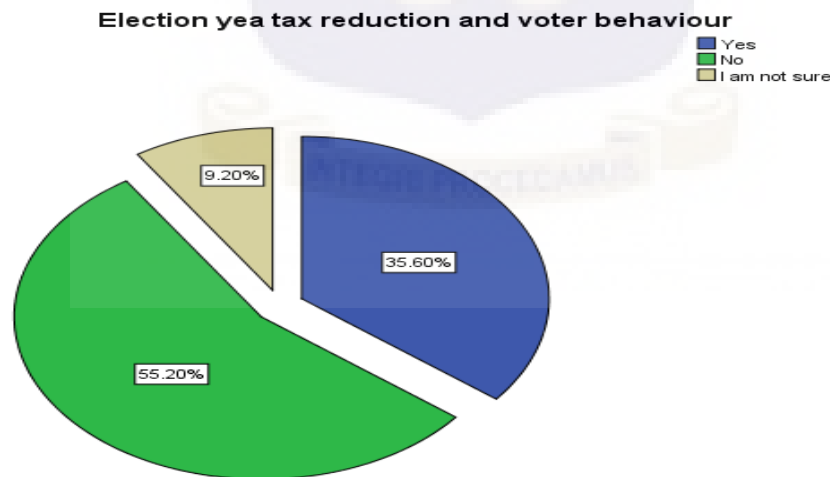
Election related constituency developmental projects and voter behaviour



Source: Field Data

Responding to the above question, 52 per cent said they will vote for an incumbent government if it constructs major roads, hospitals, schools, electricity, affordable housing, water facilities, etc., during election year in their constituency; 41.2 per cent said they would not while 6.8 per cent said they are not sure. These responses confirm one of the cardinal assumptions of the theory of Political Business Cycle (PBC) that during general elections, voters are often myopic in their behaviour vis-à-vis issues of the economy and fiscal policy management. In this regard, Ghanaian voters consider short-term economic issues and benefits rather than long-term macro-economic stability, sustained economic growth and poverty reduction (MacRae, 1977, p. 239).

Chart 12 focuses on the question: “if any incumbent government decreases or relaxes in the collection of taxes, levies, fees and charges in any election year in future will you vote for it?”



Source: Field Data

Responses to the above question show that 35.6 per cent answered “Yes,” 55.2 per cent answered “No” while 9.2 per cent said they “don’t know.” The verdict of the voters in this instance however, does not support the “myopic” hypothesis of the PBC. Instead, it supports the proposition that, they act rationally by considering the long-term social and economic implications of their voting behaviour (Smyth, Dua & Taylor 1994, p.283; MacRae, 1977, p. 239). Thus, in this instance, Ghanaian voters are forward looking in their electoral behaviour.

Finally, Chart 13 below addresses the question: “if an incumbent government reduces or abolishes school fees, offers scholarships for higher education, expands programmes such as School Feeding, National Health Insurance scheme, Youth Employment Agency (YEA) or the Nation Builders Corps (NABCO), etc., in election time, will you vote for it?”

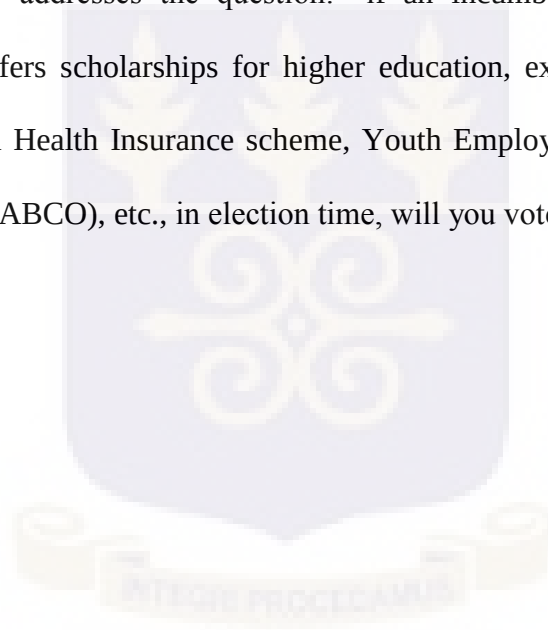
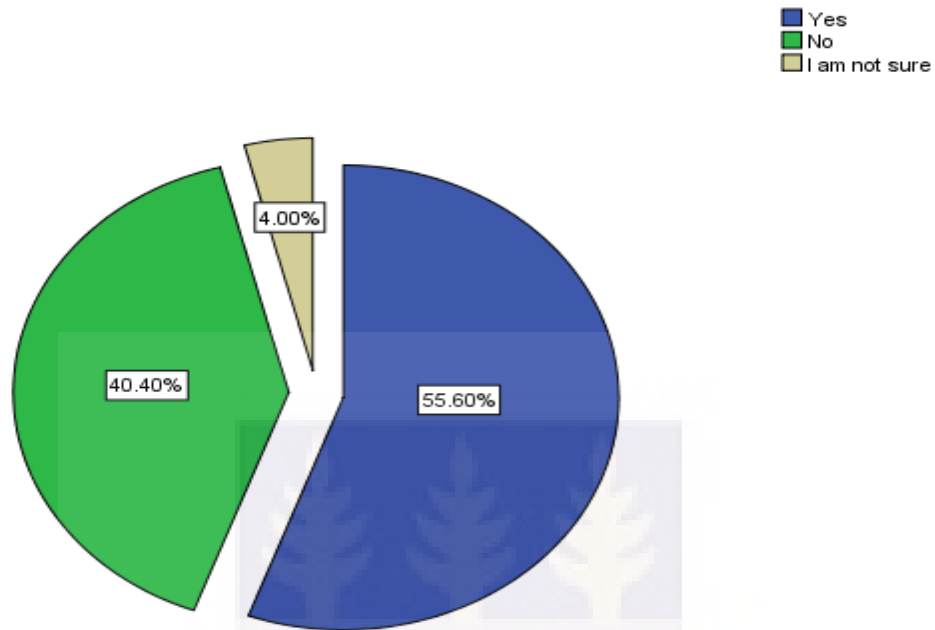


Chart13

Election year social intervention programs on voter behaviour

Source: Field Data

From the above Chart 13, 55.6 per cent responded “Yes” while 40.4 per cent said “No.” Only 4 per cent said they are not sure. Finally, these responses also support the proposition that Ghanaian voters are myopic and can be susceptible to the incumbents’ manipulation during election times (Smyth, Dua & Taylor 1994, p.283; MacRae, 1977, p. 239). Thus, this again supports the existence of PBC in Ghana’s electoral processes.

5.8 CONCLUSION

This chapter examines the linkages between democratic elections and fiscal policy management in Ghana's fourth republic. Responses from Ghanaian voters suggest that among all the fiscal policy management variables, "Infrastructure" development was the most important issue that influenced their electoral choices during elections. This is followed by "Social Programmes", then the "Other." "Compensation" of public sector workers is the least influence for Ghanaian voters surveyed in this study. Furthermore, from the responses of the voters, all incumbent governments from 1992 have attempted to manipulate the economy for opportunistic and partisan electoral purposes. This confirms the existence of the political business cycle (PBC) in Ghana's electoral process. Alexis de Tocqueville re-echoes this in his claims that:

It is impossible to consider the ordinary course of affairs... without perceiving that the desire to be re-elected is the chief aim of the President; . . . and that especially as [the election] approaches, his personal interest takes the place of his interest in the public good. (Alexis de Tocqueville, *Democracy in America* as cited in Nordhaus, Alesina & Schultze, 1989, p.1)

Finally, the study also confirms the PBC's "myopic" hypothesis. Thus, Ghanaian voters are susceptible to manipulation by incumbents during elections because they consider short-term economic development instead of the long-term macro-economic stability, sustained growth and poverty reduction. However, the study also supports the rational and forward looking hypotheses of the PBC theory in the Ghanaian electoral process. Thus, in some instances, the voters are rational and forward looking in their judgment and decisions when voting, particularly when it comes to the issues of compensation increases during election times.

CHAPTER SIX

RESEARCH FINDINGS AND DISCUSSIONS

6.1 Introduction

This study sets out to investigate the linkage between democratic elections and fiscal management in Ghana's Fourth Republic with specific focus on five general elections: 1992, 2000, 2008, 2012 and 2016. In this chapter, I discuss the research findings based on the objectives and the various research questions discussed in the previous chapters. The following are the research objectives:

- (IV) Identify the nature of the relationship between democratic elections and fiscal policy management in Ghana's Fourth Republic.
- (V) Discuss the impacts of that relationship on the national economy and the well-being of Ghanaians.
- (VI) Offer recommendations on preventing election-induced fiscal excesses and the corresponding macro-economic instability.

Furthermore, the research questions include:

- (I) What is the relationship between democratic elections and fiscal management in Ghana's Fourth Republic?
- (II) What is the extent of influence of fiscal management on voters' behaviour in Ghana's Fourth Republic?
- (III) How and why does the constituency of the Ghanaian voter influence his opinion on fiscal policy management during elections in Ghana?

- (IV) How does the educational background of voter affect his views on fiscal policy management in Ghana during elections in the Fourth Republic?
- (V) What are the impacts of the election-related fiscal excesses and slippages on the overall economy of Ghana?

For the sake of clarity, the key findings of this study will be discussed along the salient issues emanating from some of the above-mentioned objectives and research questions.

6.2 Discussion of Key Findings

The first significant finding of this study is that Ghanaian voters across all the five constituencies and in all the five elections analysed, by overwhelming majority, selected “Infrastructure” as the most important issue that influenced their electoral choices. “Social Programmes” followed, then the “Other” and finally “Compensation” of public sector workers. This pattern of voter preference by the Ghanaian electorate in the Fourth Republic is fathomable given the crucial role infrastructure plays in their social and economic well-being. Scholars such as Stupak (2017) and Nketiah-Amponsah and Aidan (2017) argue that, public investment in core “capital-intensive” infrastructure such as railways, airports, roads, bridges, water, energy, telecommunication, utilities, and other broader facilities like hospitals, schools and other public buildings increase productivity, reduce unemployment and lead to economic growth and quality standard of living for the ordinary person (Stupak, 2017, p.1-2; Nketiah-Amponsah & Aidan, 2017). The state therefore has the responsibility of investing in infrastructure in order to enhance the standard of living of its citizens. In Ghana, while significant improvement has been made in the provision of

infrastructure over the years and across major sectors, there are still alarming gaps in the sector, especially in energy. Currently, the country “spends approximately US\$1.2 billion per year on infrastructure, equivalent to about 7.5 per cent of GDP,” but also suffers losses of US\$1.1 billion annually from inefficiencies of the energy sector alone. Further, “Ghana’s annual infrastructure funding gap is about US\$0.4 billion per year, most of which is associated with power and water” sectors (World Bank, 2010, p.1). To finally resolve these problems and close the infrastructure deficit, the country “requires sustained expenditure of almost US\$2.3 billion per year over the next decade (World Bank, 2010, p.1-2). Thus, the inefficiencies and the deficiencies of the infrastructural sector permeate all the other sectors of the national economy and social life of the people of Ghana. The onset of oil and gas production in the last eight years has done very little to improve infrastructure and infrastructure financing in Ghana despite the fact that the central government has bagged approximately US\$500 million proceeds annually since 2011 from the hydrocarbon resources for budgetary allocations. In response to the dwindling financial resources for infrastructure investment, government intends to issue US\$50 billion century bond to provide the needed resources to finance investment in infrastructure (IFS, 2018).

Social intervention programmes, which followed infrastructure in the voters’ preferences during elections, are also central to the life and well-being of Ghanaians. For decades, attempts have been made to address some of the problems in this sector, particularly in relation to access to drinking water, education, health and other poverty-related issues, but “the social conditions of many Ghanaians are characterised by low standards and generally poor quality of life” (Government of Ghana, 1995, p. v). Interestingly, all the long-term development plans in Ghana from time immemorial have pontificated on how to reduce some of the country’s social and economic problems. The Governor Gordon Guggisberg’s Ten Year Development Plan (1919-

1929), the National Liberation Council's Two Year Development Plan through to the National Redemption Council's Five Year Development Plan (Sampson, 2014, p.2) all made attempts at addressing the poor social conditions of Ghanaians. Again, after the 1992 democratic transition, similar efforts were made through several national development blueprints such as the Vision 2020 under Jerry Rawlings-led NDC, Ghana Poverty Reduction Strategy (GPRS-I, 2003-2005), Growth and Poverty Reduction Strategy (GPRS- II, 2006-2009) and the Enhanced HIPC initiative under J.A. Kufuor-led NPP; and Ghana Shared Growth and Development Agenda (GSGDA-I 2010-2013) and GSGDA-II (2014-2017) under the Presidency of the late J.E.A. Mills and his successor John Dramani Mahama (Government of Ghana, 2010, p.1-4). Despite sustained economic growth during most parts of this period coupled with increases in public expenditure towards these programmes by successive governments, available data indicate that unemployment and poverty are endemic across the country, especially in rural and "food crops producing areas and fishing communities" of the country (Government of Ghana, 2010, p.1-4). According to Ghana Statistical Service (GSS), while there are many pockets of poverty cases across all the ten regions of Ghana, the three northern regions remain the poorest in the country (GSS, 2015).

On the issue of compensation, Ghanaian public sector workers have over the period agonised over lack of improvement in their living condition and poor condition of service. It is therefore expected that the issue of public sector compensation will feature in electoral choices during elections. In 2009, Ghana attained a middle income status based on per capita real GDP which had risen above US\$ 1000. After the rebasing of the national accounts by the Ghana Statistical Service, the government announced the nation's new status to the rest of the world (IFS, 2018). However, despite this middle-income status, Ghanaian workers have not experienced any

changes in their living conditions. In many instances, the public sector workers blame the international financial institutions for imposing harsh policies and conditionalities that undermine their living condition, and constrain successive governments from implementing economic and fiscal policies that will improve their condition of service. For instance, in almost all its macro-economic stabilisation programmes since 1992, the IMF sought to constrain the growth of what they considered as a bloated wage bill through various policies, including a freeze on hiring for civil service, and weaning off some subvented agencies from government budgetary allocations (Government of Ghana, 2015).

Another key finding of this research is that Ghanaian voters support the proposition that since the inception of democratic rule in 1992, all incumbent governments had tried to manipulate fiscal policy for electoral advantage. Governments did this by increasing public sector wages and salaries, infrastructure development and a reduction in taxes, fees and charges during election periods. Again, in almost all cases, this had destabilised the macro-economy. Thus, this verdict of Ghanaian voters confirms the existence of the political business cycle in the country's electoral process. According to IFS (2017), since the democratic transition of 1993, there have been sharp increases in public sector wages and salaries as a result of the election-related political and social pressures. "Wages and salaries increased from GH¢22.76 million in 1993 to GH¢142.28 million in 2000, and to GH¢3,182.53 million in 2010" and "by the end of 2015, wages and salaries had increased to a whopping GH¢10,555.93 million" (IFS, 2017, p.3).

Scholars such as Alesina and Perotti (1995) and Lago-Peñas and Lago-Peñas (2003) explain this kind of convergence of the democratic process with fiscal policy management, particularly within the context of cutting tax rates, raising tax deduction and expenditure excesses in election period as the outcome of policies by opportunistic politicians who take advantage of the

uninformed voters to manipulate the economy in order to retain power (Alesina & Perotti, 1995; Lago-Peñas & Lago-Peñas, 2003). Using various models and concepts particularly the fiscal illusion model and the political business cycle model, these scholars posit that, because voters do not understand the “intertemporal budget constraint of the government” they are offered a “deficit-financed” expenditure programme. They then “overestimate the benefits of current expenditures and underestimate the future tax burden”, opening the way for the opportunistic politicians to take advantage of this confusion and raise spending more than taxes in order to please the “fiscally illuded” and get re-elected (Alesina & Perotti, 1995, p.9; Lago-Peñas & Lago-Peñas, 2003). Further, the political business cycle model, which is similar to that of fiscal illusion, argues that, “in election years, politicians follow expansionary policies” and the “voters reward the politicians without understanding (or learning from the past) that pre-electoral expansionary policies will have to be paid for by post- electoral recession” (Alesina & Perotti, 1995, p.19; Lago-Peñas & Lago-Peñas, 2003). These assumptions have been manifested in the Ghanaian electoral cycle since 1992. For instance in the 1970s, Ghana’s economy witnessed abysmal performance characterised by declining economic growth and stubbornly high inflation rate (Government of Ghana, 1995). However, from 1983 the ERP succeeded in reversing the previous decade’s economic decline with GDP growing “at an average rate of nearly 5 per cent per annum (pa)” (Government of Ghana, p. v). However, with the inception of democratic rule, the gains made by the ERP began to erode, and since then there has never been consistent, sustained and effective fiscal performance, particularly during election periods. Macro-economic gains made as a result of the election-related fiscal consolidation are reversed with the onset of the electioneering period every four years. According to IFS (2018), since the democratic transition of 1992, private sector savings and investment have been declining and weak monetary

policy and inflationary pressures have continued to undermine business confidence and constrain the pace of economic activity (p.2). All these undermine efforts at achieving sustained and accelerated economic growth and poverty reduction in the country (IFS, 2018, p.2).

In many respects, Ghanaian voters may be uninformed about government's actions and intentions regarding fiscal management during elections. However, data gathered in the course of this study indicate that a slight majority of voters said they will vote for an incumbent if it scaled up the provision of infrastructure and social programmes during elections periods. This may explain the electoral victory of incumbents in 1992, 1996, 2004 and 2012 elections. However, another majority said they will not vote for an incumbent if it reduces or relaxes in the collection of taxes, levies, fees and charges during election periods. Thus, significantly, almost half of Ghanaian voters we polled said they would not vote for any incumbent who tried to manipulate fiscal policy for electoral advantage. This may also explain the loss of elections in Ghana by incumbents in 2000, 2008 and 2016 elections in spite of the overwhelming evidence of fiscal policy manipulations during those election years. Thus, Ghanaian voters surveyed in this study confirm both the "myopic" and rational "hypotheses" of the political business cycle theory. They are "myopic" and "rational" when taking decisions on which party to vote for during elections under the Fourth Republic. The myopic nature of Ghanaian voters may explain why incumbents won elections in 1992, 1996, 2004, 2012 and their "rational" behaviour may also explain why incumbents lost in 2000, 2008 and 2016 elections.

Finally, the study also shows the various impacts of election-related fiscal excesses on the national economy since 1992. It is clear from the study that, among the various by-products of the election-related fiscal excesses is the accumulation of large fiscal deficit and high debt/GDP ratios. These adverse economic impacts normally spill into the macro-economic framework

creating persistently high inflation rate, exchange rate depreciation, falling economic growth, increases in unemployment and increased poverty. Despite benefiting from huge debt relief from both HIPC and MDRI between 2005 to 2006, election-related fiscal expansion and other macro-economic challenges over the years are pushing the country back into yet another debt trap (IFS, 2015). Thus, Ghana's public debt level has moved from "GH¢4.9 billion, equivalent to 26.2 per cent of GDP at the end of the HIPC/MDRI period in 2006" to GH¢122.3 billion (73.1 per cent of GDP) at the end of 2016 (IFS, 2015, p.1; Government of Ghana, 2017). Furthermore, rising budget deficit has been a recurring feature of the Ghanaian economy since 1992, particularly in the immediate aftermath of the elections. Osei and Telli, (2017) suggest that, during the ERP era, public spending was brought under control, and for some years it stood at below 15 per cent "until 1992 when it reached 18.4 per cent of GDP". Since then, government's expenditure had gone up during periods of presidential and parliamentary elections and in the election years of 1996, 2000, 2008 and 2012, there were substantial hikes in government spending (Osei & Telli, 2017, p.70). In many instances, these hikes in public spending did not correspond with increases in revenue, leading to the accumulation of huge fiscal deficits. For instance, despite the disciplined fiscal management and high economic growth between 2009 and 2012, the Ghanaian economy had persistently experienced double digits fiscal deficit for three consecutive years: 2012, 2013 and 2014 (IFS, 2015). Notwithstanding the number of revenue and expenditure measures introduced in those years under the so-called home-grown macro-economic stabilisation policies, the fiscal deficit moved from GH¢8.6 billion, equivalent to 11.5 per cent of GDP in 2012 to GH¢9.5 billion, equivalent to 10.1 per cent of GDP in 2013 (IFS, 2015; IFS, 2017). In 2014, the deficit also "stood at GH¢10.6 billion also equivalent to 10.2 per cent of GDP, despite the modest fiscal consolidation efforts achieved since mid-2013" (IFS, 2017, p.2).

Further, huge accumulation of public debt and fiscal deficit has been the bane of sound economic and fiscal management in Ghana since the transition to democracy in 1992. For instance, in the aftermath of the 2008 election, macro-economic instability brought about by the election-related fiscal excesses compelled the Ghanaian government to once again seek an-IMF financial support in the form of a macro-economic stabilisation programme and monetary assistance. As part of the policy reforms to reduce the yawning fiscal deficit the IMF “Board recommended full cost recovery in petroleum pricing and utility tariffs and effective control over the public sector wage bill” (Bank of Ghana [BoG], 2009, p.31). In this regard, the Fund in 2009 approved a “three-year Poverty Reduction and Growth Facility (PRGF) for Ghana totalling SDR 387.45 million in addition to its share of the “equivalent of US\$450 million from the allocation of SDR to all member countries” (BoG, 2009, p.31). All these monetary and budgetary support were geared towards helping with the fiscal consolidation that was brought about by the fiscal excesses and slippages of the 2008 elections.

Again, in April 2015, Ghana signed onto yet another IMF-supported macro-economic stabilisation programme in response to the persistently high budget deficit of 2012, 2013 and 2014. The Extended Credit Facility (ECF) programme, which was supported with US\$916.8 million, was to have lasted for three years (2015-2017). However, it was extended by the new government which was sworn in on January 7, 2017 (IFS, 2016, Bank of Ghana, 2017), mainly because of the fiscal challenges and uncertainties created by the 2016 elections. According to the Bank of Ghana, “the programme aims at restoring debt sustainability and macro-economic stability to foster a return to high economic growth and job creation, while protecting social spending” (Bank of Ghana, 2017, p.29).

CHAPTER SEVEN

CONCLUSION AND RECOMMENDATIONS

7.1 Introduction

The ultimate objective of this study is to investigate the interaction between democratic elections and fiscal management in Ghana's Fourth Republic, from 1992 to 2016 with emphasis on the 1992, 2000, 2008, 2012 and 2016 elections. The previous chapter discussed the key findings of the study based on the objectives and research questions. The fundamental goal of this chapter is therefore to draw the relevant conclusions of the study and offer appropriate recommendations intended to minimise the recurrence of such fiscal abuses for electoral gain.

7.2 Conclusion

The central theme of this study revolves around investigating the interaction between democratic elections and fiscal management in Ghana's Fourth Republic. Resounding evidence from the various data examined in this study supports the thesis that all incumbent governments since the inception of the Fourth Republic in 1992 have tried to manipulate fiscal policy during election periods for partisan electoral advantage. They do this through the use of various fiscal policy tools available to them. The tools include increasing public sector wages and salaries, embarking on infrastructure investments, and scaling up fiscal spending on social intervention programmes during election periods. On the other hand, they often reduced or relaxed in the collection of some taxes, government fees and charges during election periods in order to oblige voters to

retain them or their party in power. Such fiscal policy manipulations by the incumbent government had resulted in fiscal and macro-economic deteriorations after the elections. In the midst of such deteriorations, whichever party won power was confronted with the arduous responsibility of restoring sanity to the economy and to public finances. In almost all cases, the restoration of macro-economic stability normally took the form of fiscal consolidation within the ambit of a multi-year IMF-supported stabilisation programme. However, before the gains of these so-called fiscal consolidation policies would be reaped by both the state and citizens, another election cycle would set in and the usual fiscal excesses would send the economic and fiscal clock in reverse. This explains the unending fiscal crisis of the Ghanaian state over the last two and half decades. For instance, in the periods preceding the 2008 elections, there was accelerated economic growth and macro-economic stability as a result of the huge fiscal space opened up by the successful completion of the MDRI and HIPC debt relief in 2006. However, expansionary fiscal policy backed by US\$750m Eurobond during the 2008 elections led to the deterioration of the economic fundamentals, necessitating another 3-year stabilisation programme with the IMF from 2009 to 2012 (Government of Ghana, 2011). In fact, an econometric analysis run for the fiscal years 1991 to 2010 by Ghana's Ministry of Finance and Economic Planning (MOFEP) strongly suggests that, in all election years under the Fourth Republic (1992, 1996, 2000, 2004, 2008), the fiscal deficit as a percentage of GDP was, on the average, 1.5 percentage point higher than in the preceding year; and "that the three years following the elections were used to bring back the deficit to its initial level" (Government of Ghana, 2011, p.2). Fiscal consolidation was therefore achieved with limited success.

Another significant conclusion drawn from this study is that, Ghanaians put premium on infrastructure development when voting than any other development issue. Thus, by far,

infrastructure ranks highest, compared to other issues such as social programmes and wages, salaries and allowances of public sector workers. This preference for infrastructure among Ghanaian voters is reasonable given the fact that there is huge infrastructure gap in the country since the attainment of independence in 1957. Successive governments have made various efforts at reducing the deficit in this sector. However, their efforts have proven insufficient, particularly in the energy sector where the problem seems severest and intractable for both households and businesses. This is despite the incremental addition of thermal generating capacity since the late 1990s to the hydroelectric generation at Akosombo and the onset of commercial hydrocarbon production since 2010. The energy crisis in recent years has been the result of “irregular supply of gas from Nigeria through the West African gas pipeline, leading to persistent and pervasive blackouts around the country” with dire consequences to the economy, the state and citizens (Yonger, 2016, p.2-3).

Again, Ghanaians’ choice of social programmes during elections to measure the performance of incumbent government stemmed from the alarming incidence of poverty and deprivation in the country despite various interventions by the state and a number of international organisations to sustain an inclusive economic growth and reduce poverty. For example, despite the reduction of Ghana’s external debt from more than 100 per cent of GDP in 2001 to about 10 per cent after the major debt relief initiatives from both HIPC and MDRI, the consequent improvement of the fiscal stance and the strong economic growth between 2001-2008 coupled with huge financial support from both the IMF and World Bank in various stabilisation and poverty-reduction assistance, from 2009 to 2012; incidence of poverty and exclusion are still pervasive and widespread across the country (World Bank Group, 2016, pp.xiii-2).

Further, Ghanaian voters were influenced by issues related to wages and salaries during elections because while government claims that the wage bill was bloated, “available evidence shows that for several years between 1980 and 2003, the minimum wage was less than one US Dollar,” exposing workers to the vagaries of high and rising inflation and exchange rate depreciation (Gockel & Vormawor, 2004, p.14). However, Lienert (1988) argues that, the bloated public sector wage bill was rather the result of the rapid increase in civil service employment due to political patronage and the desire to engage the teeming unemployed graduates coming out of the country’s several universities. This bloated work force has increased the fiscal burden on the government and the state. For instance, public sector wage bill in Ghana sharply increased from “5.8 per cent of GDP in 1992, to more than 8.8 per cent of GDP in 2006, and projected to rise further to 9.6 per cent in 2007” creating fears of persistent macro-economic imbalance (Bank of Ghana, 2007, p.8). The result is the dilution and rapid deterioration in salaries, wages and allowances of employees, which raised the level of anxiety among Ghanaians especially during election periods (Lienert, 1988).

Another important conclusion derived from this study is that in almost all the election-years examined in this study, after the election-related fiscal excesses, the fiscal balance and the debt/GDP ratio become the most important aspects of the economy that are negatively affected. However, over time the impact cascades into other important economic indicators such as inflation, exchange rate, economic growth, unemployment and finally increasing poverty. All these deteriorations have deleterious impact on the well-being of the citizens and smooth functioning of the state. For instance, after improvements in 2011, in the wake of the inception of oil production “both the primary balance and the overall balance plummeted in 2012, by about 6 per cent of gross domestic product (GDP),” respectively and “unlike previous episodes of sharp

deterioration in the fiscal balances, the current deficit persisted for three years” in double digits (over 10 per cent of GDP) in 2012, 2013 and 2014 (Younger, 2016, p.2).

7.3 Recommendations

A central objective of this study is to offer appropriate recommendations on ways of preventing election-induced fiscal excesses and slippages which have been a major cause of macro-economic instability since the inception of democratic rule in 1992. In this regard, the study proposes some recommendations. First, there is the need for the establishment of an independent fiscal institution such as the fiscal council. This will serve as a fiscal watchdog against fiscal indiscipline and deficit-inducing fiscal policy at all times, particularly during election periods. The fiscal council should not be just advisory but an independent decision-making body empowered to among other things enforce fiscal ceilings such as annual fiscal deficit ceiling and limit on debt/GDP ratio.

The next recommendation is the establishment of fiscal rules with clear-cut mechanisms of enforcement, particularly by the other arms of the state namely the legislature and the judiciary. Thus, appropriate sanctions must be spelt out and carried out when there are infringements. The fiscal policy rules must require a drastic reduction of fiscal deficit with a limit of not more than 2 per cent of GDP for a start, a debt/GDP ratio of not more than 20 per cent of GDP, zero borrowing from the central bank and full transparency of fiscal data, among others.

Furthermore, the annual recommendations of the Audit Service and the Auditor General must be implemented by the legislature and the judiciary and the internal audit mechanisms of all the Ministries, Departments and Agencies (MDAs) must be strengthened to be able to pre-empt any attempts at fiscal excesses, particularly during election years.

The other important constraining factor against election-related fiscal deficit and unsustainable debt/GDP ratio is adherence to all the norms of good governance and accountability. All other institutions of governance particularly non-state institutions such as those in civil society and the media must be strengthened and allowed to function effectively. The right to information law must also be passed with an unambiguous statement or clause that transparent disclosure of information from all state institutions including those in charge of fiscal policy would be the norm and secrecy the exception.

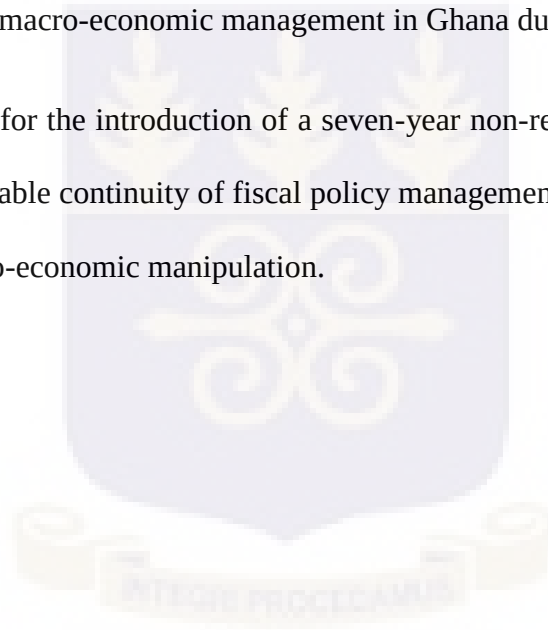
Another recommendation is for the Parliament of Ghana to effectively play its traditional public financial functions. Per the 1992 Constitution of Ghana, Parliament is the custodian of all public funds (it has the power of the purse) and no taxes can be imposed or expenditure honoured by the Executive without the approval of Parliament. Again, no loan agreement can be signed without the approval of the legislature. Therefore, Parliament has a duty to monitor and ensure prudent fiscal management at any time, especially during election periods.

Again, there must be appropriate constitutional actions and measures to reduce the winner-takes-all type of politics being practiced under the 1992 Constitution where elected leaders for fear of losing everything after general election, will decide to manipulate the economy in order to retain power.

Moreover, effective civic education especially on the part of voters is necessary in order to educate and inform them on the various manipulative tendencies of politicians during election time so that they would reject all those who may try to manipulate fiscal policies for purposes of getting re-elected.

Another solution to the problem of the election-related fiscal spending is the adherence to long-term national development plan by all governments through legislation. In this regard, an appropriate legislation will ensure adherence to the national development plan and also safeguard the integrity of fiscal and macro-economic management in Ghana during and after elections.

Finally, there is the need for the introduction of a seven-year non-renewable presidential tenure. This would ensure reasonable continuity of fiscal policy management and prevent the occurrence of election-induced macro-economic manipulation.



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APPENDIX I
Department of Political Science
University of Ghana
Questionnaire One

Introduction

I am a PhD candidate from the Department of Political Science, University of Ghana. As part of my PhD programme, I am undertaking a study on “Democratic Elections and Fiscal Management in Ghana’s Fourth Republic, 1992-2016”. The sole objective of this questionnaire is to assist me collect data for this academic study. As a result, any information or opinion you offer through this questionnaire will be used only for the analysis of this study and not for any other purposes.

Thank you for your co-operation and support.

SECTION ONE

Demographic Data

1. **Gender:** (a) Male (b) Female
2. **Age:** (a) 18-30 (b) 31-45 (c) 46-60 (d) Above 60 (e) I don’t know my age
3. **Religion:** (a) Islam (b) Christianity (c) African Traditional Religion (d) Other: Please specify....
4. **Marital Status:** (a) Single (b) Married (c) Divorced (d) Widowed/Widower (e) Separated (f) Co-habitation

5. **Educational Level:** (a) No formal Education (b) Secondary/SHS (c) Tertiary

6. **Occupation:** (a) Student (b) Farmer (c) Unemployed (d) Government worker (e)

Businessman/Trader (f) Private Sector employee (g) Other: Please specify....

SECTION TWO

Relationship between Democratic Elections and Fiscal Management

7. Which political party/parties did you vote for in the following elections?

(1) **1992:** (a) NDC (b) NPP (c) PHP (d) PNC (e) Other (f) Don't remember

(2) **2000:** (a) NDC (b) NPP (c) CPP (d) PNC (e) Other (f) Don't remember

(3) **2008:** (a) NDC (b) NPP (c) CPP (d) PNC (e) Other (f) Don't remember

(4) **2012:** (a) NDC (b) NPP (c) CPP (d) PNC (e) Other (f) Don't remember

(5) **2016:** (a) NDC (b) NPP (c) CPP (d) PNC (e) Other (f) Don't remember

8. What influenced you the most in voting for the party/parties you selected above?

(1) 1992: (a) Increases in wages and salaries of public sector workers in election year **(b)** Infrastructural development in election year **(c)** Social intervention programmes in election year **(d)** Other

(2) 2000: (a) Increases in wages and salaries of public sector workers in election year **(b)** Infrastructural development in election year **(c)** Social intervention programmes in election year **(d)** Other

(3) 2008: (a) Increases in wages and salaries of public sector workers in election year **(b)** Infrastructural development in election year **(c)** Social intervention programmes in election year **(d)** Other

(4) 2012: (a) Increases in wages and salaries of public sector workers in election year **(b)** Infrastructural development in election year **(c)** Social intervention programmes in election year **(d)** Other

(5) 2016: (a) Increases in wages and salaries of public sector workers in election year **(b)** Infrastructural development in election year **(c)** Social intervention programmes in election year **(d)** Other

9. If your answer to question 8 is (a), do you think incumbent government deliberately increased salaries, wages and allowances of public sector workers during elections in order to enhance its chances of winning?

(1) 1992: (a) Yes (b) No (c) Don't know

(2) 2000: (a) Yes (b) No (c) Don't know

(3) 2008: (a) Yes (b) No (c) Don't know

(4) 2012: (a) Yes (b) No (c) Don't know

(5) 2016: (a) Yes (b) No (c) Don't know

10. If your answer to question 8 is (b), do you think government intentionally increased the pace of infrastructure development in Ghana during election periods in order to maximise its chances of winning?

(1) 1992: (a) Yes (b) No (c) Don't know

(2) 2000: (a) Yes (b) No (c) Don't know

(3) 2008: (a) Yes (b) No (c) Don't know

(4) 2012: (a) Yes (b) No (c) Don't know

(5) 2016: (a) Yes (b) No (c) Don't know

11. If an incumbent government from a party you have not been voting for constructs major roads, hospitals, schools, electricity, affordable housing and water facilities, etc., during election year in your constituency, would you consider voting for it?

(a) Yes (b) No (c) I am not sure

12. Do you think incumbent governments tried to reduce or relax in the collection of taxes, levies, fees, charges, etc., during election years in order to enhance its chances of winning?

(1) 1992: (a) Yes (b) No (c) Don't know

(2) 2000: (a) Yes (b) No (c) Don't know

(3) 2008: (a) Yes (b) No (c) Don't know

(4) 2012: (a) Yes (b) No (c) Don't know

(5) 2016: (a) Yes (b) No (c) Don't know

13. If any incumbent government decreases or relaxes in the collection of taxes, levies, fees, charges, etc., in any election year in future will you vote for it?

(a) Yes (b) No (c) I am not sure

14. If an incumbent government reduces or abolishes school fees, offers scholarships for higher education, expands programmes such as School Feeding, National Health Insurance scheme, Youth Employment Agency (YEA) or the Nation Builders Corps (NABCO), etc. in election time, will you vote for it?

(1) Yes (2) No (3) I am not sure

15. Do you think financial demands from political party supporters in election year influenced governments to overspend during election years in Ghana?

(1) 1992: (a) Yes (b) No (c) Don't know

(2) 2000: (a) Yes (b) No (c) Don't know

(3) 2008: (a) Yes (b) No (c) Don't know

(4) 2012: (a) Yes (b) No (c) Don't know

(5) 2016: (a) Yes (b) No (c) Don't know

16. Do you think incumbent governments provided accurate information on their economic performance to the electorate during election periods?

(1) 1992: (a) Yes (b) No (c) Don't know

(2) 2000: (a) Yes (b) No (c) Don't know

(3) 2008: (a) Yes (b) No (c) Don't know

(4) 2012: (a) Yes (b) No (c) Don't know

(5) 2016: (a) Yes (b) No (c) Don't know

17. In your opinion, do you think incumbent governments overspent during elections because they intentionally used state funds to finance their election campaign activities?

(1) 1992: (a) Yes (b) No (c) Don't know

(2) 2000: (a) Yes (b) No (c) Don't know

(3) 2008: (a) Yes (b) No (c) Don't know

(4) 2012: (a) Yes (b) No (c) Don't know

(5) 2016: (a) Yes (b) No (c) Don't know

18. In your opinion, do you think overspending by governments during election times followed by “the no money syndrome” immediately after election can undermine trust in the democratic process started in 1992? **(1) Yes (2) No (3) Don't know**

19. What will you recommend as a solution(s) to government's overspending in election years in Ghana under the Fourth Republic (1992-2016)?

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Thank you.



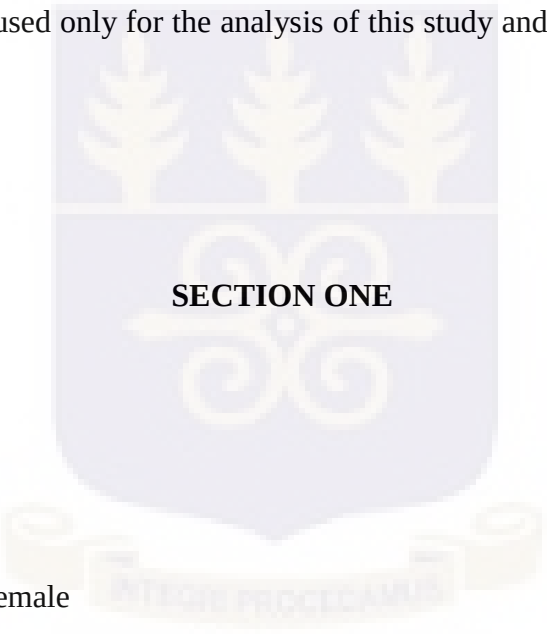
APPENDIX II

QUESTIONNAIRE TWO

Introduction

I am a PhD candidate from the Department of Political Science, University of Ghana. As part of my PhD programme, I am undertaking a study on “Democratic Elections and Fiscal Management in Ghana’s Fourth Republic, 1992-2016”. The sole objective of this questionnaire is to assist me collect data for this academic study. As a result, any information or opinion you offer through this questionnaire will be used only for the analysis of this study and not for any other purposes.

Thank you.



SECTION ONE

Demographic Data

1. **Gender:** (1) Male (2) Female

2. **Age:** (1) 18-30 (2) 31-45 (3) 46-60 (4) 61 and above (5) I don’t know my age

3. **Religion:** (1) Islam (2) Christianity (3) African Traditional Religion (4) Atheism (5) Other:

Please specify....

4. **Highest Educational Level:** (1) No formal education (2) Secondary/SHS (3) Tertiary

5. **Occupation:** (1) Civil Servant/Public sector employee (2) Politician/Parliamentarian
(3) Businessman/Businesswoman (4) Academic Think-tank (5) University Lecturer (6)
International Organisation (7) Private Sector employee

SECTION TWO

Relationship between Democratic Elections and Fiscal Management

6. Do you think general elections had affected sound fiscal management in Ghana in the following election years?

(1) 1992: (a) Yes (b) No (c) I am not sure

(2) 2000: (a) Yes (b) No (c) I am not sure

(3) 2008: (a) Yes (b) No (c) I am not sure

(4) 2012: (a) Yes (b) No (c) I am not sure

(5) 2016: (a) Yes (b) No (c) I am not sure

7. How, in your opinion did general elections affect fiscal policy management in any of these election years?

(1) 1992: (a) Improved (b) Worsen (c) I am not sure

(2) 2000: (a) Improved (b) Worsen (c) I am not sure

(3) 2008: (a) Improved (b) Worsen (c) I am not sure

(4) 2012: (a) Improved (b) Worsen (c) I am not sure

(5) 2016: (a) Improved (b) Worsen (c) I am not sure

8. In your opinion, do you think incumbent governments in Ghana from 1992 to 2016 deliberately overspent during elections in order to influence voters?

(1) 1992: (a) Yes (b) No (c) Don't know

(2) 2000: (a) Yes (b) No (c) Don't know

(3) 2008: (a) Yes (b) No (c) Don't know

(4) 2012: (a) Yes (b) No (c) Don't know

(5) 2016: (a) Yes (b) No (c) Don't know

9. How in your opinion did governments overspend during elections?

(1) 1992: (a) Increases in public sector employees' wages, salaries and allowances (b) Increases in infrastructure expenditure (c) Increases in social intervention spending (d) Funding security and other election-related activities (e.g. Electoral Commission) (e) All of the above (f) None of the above

(2) 2000: (a) Increases in public sector employees' wages, salaries and allowances (b) Increases in infrastructure expenditure (c) Increases in social intervention spending (d) Funding security and other election-related activities (e.g. Electoral Commission) (e) All of the above (f) None of the above

(3) 2008: (a) Increases in public sector employees' wages, salaries and allowances (b) Increases in infrastructure expenditure (c) Increases in social intervention spending (d) Funding security and other election-related activities (e.g. Electoral Commission) (e) All of the above (f) None of the above

(4) 2012: (a) Increases in public sector employees' wages, salaries and allowances (b) Increases in infrastructure expenditure (c) Increases in social intervention spending (d) Funding security and other election-related activities (e.g. Electoral Commission) (e) All of the above (f) None of the above

(5) 2016: (a) Increases in public sector employees' wages, salaries and allowances (b) Increases in infrastructure expenditure (c) Increases in social intervention spending (d) Funding security

and other election-related activities (e.g. Electoral Commission) **(e)** All of the above **(f)** None of the above

10. Did incumbent governments from 1992-2016 provide accurate information on their economic performance to the electorate during election periods?

(1) 1992: (a) Yes (b) No (c) Don't know

(2) 2000: (a) Yes (b) No (c) Don't know

(3) 2008: (a) Yes (b) No (c) Don't know

(4) 2012: (a) Yes (b) No (c) Don't know

(5) 2016: (a) Yes (b) No (c) Don't know

11. Do you think voters were influenced by sudden increases in government expenditure across all sectors of the economy during elections to vote for the incumbent?

(1) 1992: (a) Yes (b) No (c) Don't know

(2) 2000: (a) Yes (b) No (c) Don't know

(3) 2008: (a) Yes (b) No (c) Don't know

(4) 2012: (a) Yes (b) No (c) Don't know

(5) 2016: (a) Yes (b) No (c) Don't know

12. In your opinion, to what extent is effective fiscal management taken into consideration by the electorate when voting?

(1) 1992: (a) Very High (b) High (c) Medium/Average (d) Low (e) Not at all

(2) 2000: (a) Very High (b) High (c) Medium/Average (d) Low (e) Not at all

(3) 2008: (a) Very High (b) High (c) Medium/Average (d) Low (e) Not at all

(4) 2012: (a) Very High (b) High (c) Medium/Average (d) Low (e) Not at all

(5) 2016: (a) Very High (b) High (c) Medium/Average (d) Low (e) Not at all

13. In your opinion, did fiscal slippages and excesses during elections in Ghana since 1992 affect the overall economy?

(1) 1992: (a) Yes (b) No (c) I am not sure

(2) 2000: (a) Yes (b) No (c) I am not sure

(3) 2008: (a) Yes (b) No (c) I am not sure

(4) 2012: (a) Yes (b) No (c) I am not sure

(5) 2016: (a) Yes (b) No (c) I am not sure

14. If your answer to question 13 is yes, in what way(s) do fiscal excesses and slippages affect the economy? Please state your answer briefly in the spaces provided below.

1992.....

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2000.....

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2008.....

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2012.....

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2016.....

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15. Do you think election-related fiscal crisis/challenges can undermine trust in the democratic process started in 1992? **(1)** Yes **(2)** No **(3)** Don't know

16. What impact do you think election-induced fiscal crisis/challenges have on the well-being of ordinary Ghanaians? **(1)** Negative **(2)** Positive **(3)** No impact **(4)** Don't know

17. Do you think election-related fiscal crisis/challenges can undermine the proper functioning of the Ghanaian state? **(1)** Yes **(2)** no **(3)** Don't know

18. Do you think fiscal crisis/challenges during and after elections can lead to political instability in Ghana? **(1)** Yes **(2)** No **(3)** Don't know

19. What will you recommend as a solution(s) to election-related fiscal crisis/challenges in Ghana under the Fourth Republic (1992-2016)?

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20. Please if you have any other opinion(s) on elections and fiscal management in Ghana from 1992 to 2016 briefly state it in the spaces provided below

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Thank you.



APPENDIX III



UNIVERSITY OF GHANA ETHICS COMMITTEE FOR THE HUMANITIES (ECH)

Ref. No.: ECH 124/18-19

6th June, 2019

Mr. Abdul Hakim Ahmed
Department of Political Science
University of Ghana
Legon.

Dear Mr. Ahmed,

ECH 124/18-19: DEMOCRATIC ELECTIONS AND FISCAL MANAGEMENT IN GHANA'S FOURTH REPUBLIC, 1992-2016.

This is to advise you that the above reference study has been presented to the Ethics Committee for the Humanities for a full board review and the following actions taken subject to the conditions and explanation provided below:

Expiry Date: 06/06/20
On Agenda for: Initial submission
Date of Submission: 29/03/19
ECH Action: Approved
Reporting: Annually



Please accept my congratulations.

Yours Sincerely,

Prof. C. Charles Mate-Kole.
ECH Vice Chair

Cc: Emeritus Professor Kwame Ninsin, Department of Political Science, University of Ghana.
Dr. Maame Gyekye Jandoh, Department of Political Science, University of Ghana.

COLLEGE OF HUMANITIES

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