

## **Down the Up Escalator: Reflections on Ghana's Future by a Senior Citizen**

**By Sam K. Jonah**

**Protocols**

**Distinguished Ladies and Gentlemen, it is a pleasure for me to be here today as the guest speaker for this occasion.**

**The first time I spoke at a Rotary Club function sometime in the 90's my speech got me into a lot of trouble with the then President of our country.**

**The title of my speech was, "Poverty breeds social unrest, you don't help the poor by punishing the rich". Those of you who are old enough will remember that the only independent newspaper then was the Free Press, which carried an editorial with the title, "The golden words of Sam Jonah". As it turned out, that wasn't particularly helpful. In preparing my speech, then and now, I took inspiration from your 4-way test, .....**

- Is it the truth?**
- Is it fair to all concerned?**
- Will it build goodwill and better friendships?**
- Will it be beneficial to all concerned?**

**The late Tiny Rowland once told me that there are three circumstances where you can tell the truth without fearing the consequences –**

- 1) if you are Mahatma Gandhi.....you have no interest in the material world**
- 2)if you are a Rockefeller....you are so wealthy, you have become untouchable**
- 3)If your doctor has told you that you have only three days to live.**

**I will add a fourth one.**

**4)When you have reached my age and you have serious concerns about the future of the next generation, it will be irresponsible not to speak up.**

**Ladies and gentlemen, let me start off by saying that as a frequent traveller to many African countries, I must admit that it will be hugely unfair not to acknowledge the progress this country has made since independence. That said, we must guard against complacency and must be alert to any challenges that undermine the gains we have made. Given our endowment, both human and natural, we can and should do much better. In any case, the point ought to be made that we really ought not to take comfort in comparing ourselves to the rest of Africa. We must compare ourselves to the rest of the world. And it is in that context that I will like to share with you my reflections on the challenges that can be an impediment to our country's progress if not addressed with urgency and determination.**

**A lot of what I will be talking about is not new to any of us. They are things we mutter about at home and when we meet friends but reluctant to articulate them publicly. In this regard, let me make the observation that in a large measure our attitude is informed by partisan reasons or fear of recrimination. Of course we have all been witnesses to how political parties use the social media to unleash their attack dogs on critics. The fear is real but let me state without equivocation that in succumbing to our fears we actually make matters worse because impunity and mendacity reign supreme. As the saying goes, fear is the path to the dark side. We must find our voices**

otherwise we become okay with the ills of society or that we become powerless. Either way, we will be the worse for it. A wise man once said that the necessary condition for evil to triumph is for good people to remain silent.

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So, whatever we do, we must never keep quiet about the problems we face, the solutions to them and the prospects for a better future. Indeed, in his inaugural address in 2016, our President, Nana Akufo Addo entreated us to be active participants and not be mere spectators in the affairs of our country.

Ladies and Gentlemen, I will start off by talking about that which concerns, or ought to concern all of us, and that which keeps me awake at night. And it is about the state of the economy and its prospects going forward. As an investor, I know what an economy should look like to attract the necessary investment for national development. Available data indicates that for the first quarter of 2020, GDP grew at a rate of 4.6%, contracted to -3.2% for the second quarter and -1.1% for the third quarter, giving an average outturn of 0.2% for the three quarters of the year. For the same period in 2019, the economy grew at the rate of 6%. At the end of the third quarter, the industry sector contracted at -3.1% while services grew at 1.9%. Only the agriculture sector increased in its growth rate recording 4.5% at the end of the third quarter as compared to 3.7% for the same period in 2019. This is telling us something, right? Even though government revenue exceeded the revised target for the year, expenditure also exceeded the revised target leading to the end of year fiscal deficit of 11.7% of GDP.

Ladies and Gentlemen, one of the most alarming aspects of our macroeconomic situation is the debt crisis. As at the end of 2020, total public debt reached GHC 291.6 billion representing 76.1% of GDP. A nominal increase of about GHc 149.3 Billion since January 2017. In 2018, the debt to GDP ratio was 59.1%, increased to 62.4% in 2019 and to 76.1% in 2020. New bonds have since been issued. The domestic debt component is 51.4% of total debt while external debt is 48.6%. Of course, we all know the effect this has on access to credit by the private sector for investment. But the bigger question is how are all these debts going to be repaid? This question is important because if you look at our expenditure profile, the top two items are the emoluments of government employees and interest payments on existing debts. Thus we are borrowing to consume and to service existing debts rather than for productive investment. In 2020, the emoluments of government employees represented 28.3% of total expenditure while interest payments amounted to 24.6% of total expenditure. Capital expenditure was only 12.1% of total expenditure in 2020. And this is not abating soon. In fact in 2021, the budget estimates indicate that interest payments will exceed even emoluments of government employees to become the number one line item in our expenditure profile. This is why some economists argue that the ratio of debt servicing capacity to debt stock is a better measure of sustainability than debt to GDP ratio. But this is another discussion for another day.

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Ladies and gentlemen, let us look at the main drivers of the economy and their prospects going into the future. Take mining for instance, and here I refer to gold mining because it is the most significant mineral in the mining sector. Like all minerals, Gold is a depleting resource. It is irreplaceable. Not too long ago, South Africa was by far the biggest producer of gold in the world; in 1994 out of a total global production of 81 million ounces, South Africa alone produced more than 20 million ounces, representing 25%. Ghana did not even register as one of the major producers. In 2020, South Africa's share of global production is only 3%, and it has lost the top spot even in Africa. Ghana now enjoys the enviable position as the biggest producer in Africa. But 40 years from now, who can say for sure that we will still be producing gold here? As for our newly

found jewel, Oil, a lot of countries are talking about green energy and alternatives to fossil fuels due to the phenomenon of climate change. Most countries are making plans to ban or phase out the use of fossil fuels in the near future. So 40 years from now, what would be the demand for oil? That is if we still have some. Meanwhile, remittances from Ghanaians in the diaspora which is one of the main sources of foreign exchange for Ghana is also at risk due to major generational changes. Again, 40 years from now, it is not certain whether the next generation of Ghanaians in the diaspora will feel so attached to families here as to be sending money to take care of them or build houses here. To put it in context, this source represents a significant part of our national income.

Ladies and gentlemen, I recently read about a rather disturbing information about cocoa. The Chinese having helped pollute our rivers through illegal mining activities and having, in connivance with some Ghanaians acquired large tracks of farmlands in the cocoa growing areas have started producing their own cocoa. Their illicit mining activities release mercury into the soil. Mercury is indestructible and traces have been found in some of our cocoa beans . What this means is that even our traditional source of revenue from which thousands of farmers obtain their livelihoods is no longer secure, as we risk losing the premium quality of our cocoa. This is a terrible prospect and it is one that must be tackled with a renewed sense of urgency.

Ladies and Gentlemen, the inevitable conclusion from all of this is that the sustainability of our current sources of revenue is under threat . We are borrowing huge sums of money for our children and grandchildren to pay yet we are not seeing realistic strategies that assure us of our capacity to pay back. How are the 30-year, 40-year bonds going to be paid?

I am afraid that unless there are clear plans to ensure that the economy creates jobs, reduces poverty and improves upon the quality of life of the average Ghanaian, a sense of hopelessness and helplessness will be the lot of our children and grandchildren. The debt will suffocate them. This is what concerns me.

How do we avoid this situation? Well in my view, we can only do so through investment in all sectors of the economy; I will now put on my investor cap and ask this question. Given that I have a choice in where I put my money, what will I like to see in my country to make it the preferred destination for my investment? Every investor has got a choice. So I am asking you, if you were an investor, what would you like to see in a Ghanaian business environment which will make you want to put your capital here. We are all celebrating the good news of Ghana being chosen as the host of the Africa free Trade Secretariat and the Government should be commended for this remarkable development. However we can only realise the benefits if we become the most competitive economy on the continent. We are nowhere there. Am afraid we have a lot of work to do to attain this status.

A research and advisory firm Konfidant, reported that Ghana fell short on almost all AFCFTA competitive indicators. These are; Cost of credit, cost of power, productive capacity, customs efficiency, trade logistics and Dependency on foreign input.

Investment promotion is like a beauty pageant. The reward goes to the country which is adjudged to be the most attractive as an investment destination. What conditions create the conducive environment for investment in any country ? Let us look at our situation.

One of the key considerations for investment is governance. We have elected governments since 1992 to steer our affairs. But the very nature of our democratic set-up is our undoing. The three arms of government are like a tripod. For stability, each leg must have enough strength to stand. In our system, one leg i.e the executive has more strength than the other two combined. In fact, the two seem

to derive their strengths from that of the executive, thus weakening checks and balances. Any party that comes to power has absolute power to do whatever they want. The 1992 Constitution is the basis for the current democratic dispensation. It created a monstrous executive which looms large over the other arms of the governance structure, and for 28 years, we have failed to make any meaningful changes to strengthen our democracy. Actually, what we have is an "Executocracy" not a democracy. The President is supposed to appoint the majority of his ministers from Parliament. By definition, that makes Parliament a rubber stamp, because no MP in the ruling party will be able to stand up and demand accountability from the executive - they are all scrambling for positions! The Judiciary is no different. The President has a determining role in the appointment of all the judges of the Supreme Court including the Chief Justice. This festers the perception that the situation compromises the impartiality and independence of the judiciary. Indeed a large section of the citizenry believe that the judiciary is not impartial with 85% of Ghanaians in a recent Afrobarometer survey perceiving the judiciary as corrupt and ineffective.

My own personal experience with the judiciary is that of frustration, lengthy and costly proceedings. Some lawyers take pride in being masters of legal gymnastics. Every opportunity to delay cases are seized. The Commercial Courts which were set up to speed up the dispensation of justice have been a huge disappointment. Disputes involving land overwhelm the courts. Land acquisition is a most important factor in investment decision making. Any prolonged litigation over land frustrates the investor.

It has been said that the enclave that houses the lands commission, lands evaluation and title deeds registry is arguably the most corrupt enclave in the world. It cannot be good for investment. But corruption pervades all aspects of our governance system. Few years ago, a prominent member of parliament said publicly that parliamentarians take bribes to pass bills that favour their sponsors. Ladies and gentlemen, if a fish comes out from water to tell us that the crocodile has one eye, who are we to doubt it? Incidentally, the said MP is now the Speaker of Parliament, Hon. Alban Bagbin.

Our governments pay lip service to anti-corruption but do little substantially to cure the canker. Which of the major corruption issues has been conclusively dealt with since the fourth Republic began? There have been major corruption scandals and none has been conclusively dealt with. I could give you a long list of unsolved corruption cases but there is no need to bore you with something you are all so familiar with. As a friend of mine will say, the problem with corruption is not the absence of laws, but the certainty of punishment. Sadly, there is rather certainty that corrupt people especially in high places will never face punishment. And this has bred impunity in those who would rather take it all for themselves through dubious means than serve the common good. We cannot go anywhere if this situation continues. No country can develop without dealing decisively with corruption.

Days ago, we read shocking news of two teenagers who were arrested for killing a 10-year-old boy for money rituals. This sparked extensive discussion on mainstream as well as social media. Many Ghanaians were expectedly shocked that children of this age were so moved by money that they allegedly killed a human being to get it. But if we were to reflect, we would know that this was merely a symptom of a much more deep-seated problem with the entire Ghanaian society. When our children watch TV, what do they see? Too much religiosity without morality; pastors displaying uncouth behaviour by stepping on pregnant women and slapping congregants; people showing how money can be made without hard work, and when they copy what they see, we appear shocked. Let us stop the pretence!

Ladies and gentlemen, what is baffling is that those who used to have voices on these things seem to have lost their voices. People speak on issues based on who is in power. Is our deafening silence suggesting that we are no longer concerned about issues that we complained about not too long

ago, particularly when those issues persist..... The molestation of and in some cases assassination of journalists, murder of MPs, corruption, the harassment of anti-corruption agents.

We have just finished another election, the 8th in the series since the beginning of our fourth Republican democratic experiment. As usual, the accolades came in from all corners of the world, and we took them with pride. What we failed to tell the world is that some people lost their lives in the course of the election. No election is as important as to warrant the loss of even one life. And the silence over it is numbing as it gives the impression that it is okay, and it is to be expected. No it is not to be expected. One of the saddest moments for me was after the State of the Nation address when an MP was asked why there had not been serious outpouring of grief about the death of the innocent people in Techiman, his response was that as far as he was concerned, they were undeserving of any sympathy because he saw them as armed robbers. For me, that was a new low for the country. We also witnessed arguably the biggest assault on our democracy since the beginning of the Fourth Republic when on the eve of the swearing-in of the President at a time when there were no ministers, and crucially there was no minister of defence, armed soldiers that is to say, officers from an institution that works by command, invaded our Parliament and up till date, no serious answers have been provided. This could have had grave consequences and for the future of our country, the least the country deserves is a public enquiry. Have we become so numb to these things?

The indiscipline on our roads has become a nightmare. Last year, about 1115 people lost their lives or got seriously injured due to. Road accidents, a 22% increase over the 2019 figures according to the bureau of public safety. For the first three months of this year alone, more than 700 people died from Road accidents. By comparison, COVID 19 has killed about 760 people over a one year period. Clearly, indiscipline on our roads is more deadly than corona virus.

Our media landscape is so polarised and partisan. There is hardly any objectivity, because a lot of the media stations are owned by politicians whose interest is in swaying voters one way or the other. Independent media practice seems to have faded and journalism has become a conveyor belt for political propaganda, insults, and acrimony. What is the status of the role of the media in holding the executive, judiciary, and legislature accountable as the fourth estate of the realm? Is it enough to just report issues. Where are the investigations? Where are the facts? These are hard questions that the media must ask and re-assess its role in reshaping our country's future.

In the past, when all had failed, academia was the last vanguard. We all remember the role that the Legon Observer played. Under the hallowed cloak of academic freedom, men and women of conscience could write and speak words that penetrated the halls of power. It appears to me that in recent times in our fourth Republican dispensation, the courage to stand up for the truth and the determination to uphold the common good are lost. In our dark moments as a nation, it is concerning that the voices of the intellectuals are receding into oblivion. Sadly, it is a consequence of the deep partisan polarisation of our country such that everything is seen through the lenses of politics. It appears to me that the culture of silence has returned. This time not enforced by legal and military power but through convenience, parochialism, hypocrisy and lack of conviction.

Where are our Adu Boahens and PV ANSAHs?

Ladies and gentlemen, where do we go from here? If we were to listen to the voice of the over-the-hill, the over 70s who have seen it all, what would be their advice for the future of this country? Well, this is the advice of the over-the-hill crowd who have been of service and are very confident that a word to the wise is enough. As the Bible says, those who have ears, let them hear.

First, to have a meaningful democracy, we cannot continue on the path of a tripod with one leg stronger than the other two combined. We must commit to review the experiment with the aim of strengthening accountability and ensuring that democracy delivers real development to the

people. Democracy is meaningless unless it is capable of improving the living standards of the people and providing decent living conditions for at least the very poor in our society. To achieve this, the constitution must change.

Second, we must re-evaluate the structure of our economy. No country has attained the height of development unless the major drivers of the economy are owned and controlled largely by the citizenry. Take a look at the major drivers of the Ghanaian economy in the financial sector, the mining sector, construction of major projects, telecommunications, oil and gas, insurance etc. These are often predominantly foreign-owned, and Ghanaians own little in these sectors. For example, according to PwC, as of June 2019, only nine (9) out of 23 Class 1 licensed banks had majority local ownership with the rest being majority foreign-owned. In the mining sector, Ghana has more than 20 mining companies at various stages of operation in the country. As far as am aware no Ghanaian business man or woman has 5% of the ownership in any of these companies. The situation is not different from what pertains in the oil sector. I note with some satisfaction the efforts of the government to empowering Ghanaians in the economy. In this regard, I pray we will learn from the experiences of Malaysia and South Africa. In Malaysia, the promotion of what they called “bumiputra” (Malay sons of the soil) policies as an attempt to empower local businesses in an affirmative manner led to massive corruption and cronyism. South Africa’s Black Economic Empowerment Program (BEE) suffered the same fate. Even though these programmes were well intended, their implementation gave room for political patronage and clientelism leading to the consequences noted above. We must therefore be guarded in the implementation of this initiative.. We can empower our own people without creating seasonal local entrepreneurs through political patronage or “create, loot and share” schemes disguised as investments. Tribal and ethnocentric considerations, family affiliation and friendships must not be the defining routes to gain business opportunities.

Third, we need to develop our industrial base. We cannot develop by importing almost everything from food to tooth pick. The One District One Factory (1D1F) flagship initiative is laudable but quite frankly we need a lot more than that to develop an industrial base. And by the way, where is the industrial base or foundation laid by Kwame Nkrumah in the 60s? At the time, there was an understanding that there were no Ghanaian businesses with enough capital to venture into setting up industries. So the state took it upon itself to drive industrialisation and build the foundation for take-off. According to some records over 100 factories were built across the regions and producing almost everything we needed at the time. Today we still export mainly primary commodities and import finished products for consumption. From 2010 to 2019, we spent \$3.9 billion importing processed rice mainly from Asia, that is an average of almost \$400 million or more than GHC 2 billion per year. Over the same period, we spent \$2.4 billion on sugar imports that is about GHC 13 billion. This cannot continue.

The last but not least, we must completely overhaul our educational system. I am not talking about the duration of school. I am talking about the quality of education and the prioritisation of what our children are taught. A useful educational system must be able to groom young people to believe in themselves and to have the necessary skills and attitudes to form an effective, efficient labour force. As the legendary Dr. Kwegyir Aggrey opined, our education must train the heads, hands and heart of our youth. This calls for not only Science, Technology, Engineering and Mathematics, but also vocational and technical education. Our inordinate obsession with degrees and certificates has turned most of our graduates into “certificated unemployables” hardly suited to the needs of industry. Are we preparing our graduates for the new skills sets needed for the future? This is why I have never understood the kind of logic that informed the conversion of polytechnics into universities. Technical and vocational education have been crucial in Germany’s development. Let us relook at our priorities and reform the educational system, shifting away from grades and certificates to technical know-how, values and attitude building; an educational system which inculcates into our young people flexibility and adaptability; communication and emotional intelligence; creativity and innovation as well as ethical leadership skills. This is the only

way we can compete in the 21st century, and from my perspective, we do not lack the human and material resources to create that kind of system. We must shape the future we desire for our country today!

In conclusion, the older folks remember the inspirational lyrics of the wonderful highlife music, "Work and Happiness". It is characteristic of the times in which it was produced. Today's music, well maybe I am too old, but one can hardly understand the lyrics or what they are supposed to inspire. A contemporary musician Adangba however asks a good question which I will like to ask all of us: "who go say the truth"? On that note, I urge all of us to speak up, for the good of our country, now and in the future. A wise man once said that the necessary condition for evil to triumph is for good people to remain silent.

Thank you for your kind attention.