

# The middle classes and their role in national development

Robin Luckham with E. Gyimah-Boadi, William Ahadzie and Nana Boateng

## The findings in brief

- Middle class groups were formed early in Ghana's history, and their political influence was decisive in shaping the state and patterns of development after Independence.
- In different degrees, the policies pursued have been unfavourable to the emergence of a dynamic capitalist middle class or bourgeoisie. National Patriotic Party rule since 2000 has not yet led to a decisive break with the past.
- Ghana's middle classes are increasingly diverse, but social activities and style of living create bonds among the different professional, business and diaspora types, and mediate their relations with the majority of poorer and less educated Ghanaians.
- Large businesses and formal business associations have experienced some revival as a result of economic and political liberalisation. However, micro- and informal enterprises are still overwhelmingly important.
- The obstacles faced by a sample of innovative and well-connected young business people illustrate the challenges. For them, the business climate remains poor, and still dominated by political favouritism. Without a direct assault on this politicisation of business, the Private Sector Development Strategy agreed by government and donors seems unlikely to work.
- Ghanaians do not seem to support democracy for merely instrumental reasons. It is nonetheless worrying that

Ghana's political system continues to be dominated by middle class groups that have no direct interest in business, while business pressure groups are still more interested in side-deals and exemptions than in the conditions for overall economic growth.

- Members of the middle classes lead a range of research and advocacy organisations that do promote general causes and the interests of the poor. However, to become effective they need to bridge the gaps that separate them from policy makers and resource-allocation decisions in government; from hometown and community associations at the grass roots; and from the necessary technical capacities.

## Why the middle class?

At independence in 1957 Ghana had a small but expanding middle class, not unlike the middle classes of countries like Malaysia, South Korea or Thailand. Middle classes in the latter prospered, however, contributing to effective developmental states, rapidly growing market economies, active civil societies and more or less healthy democracies.

This briefing paper considers why Ghana's middle class never became a comparable driver of change in Ghana. It asks whether democratic governance, together with the New Patriotic Party (NPP) government's proclaimed Golden Age of Business, is likely to unlock its entrepreneurial potential. And it considers how middle class groups might organise more effectively to support policies favourable to economic growth and sustainable democracy.

The paper is based upon a review of relevant literature, interviews with key informants and focus group discussions undertaken as part of the 'drivers of change' exercise coordinated by CDD and ODI in 2004. It surveys the historical record, considers the position today and looks forward to the future.

## The early origins of Ghana's middle classes

Ghana's middle classes have a long history. From early in the twentieth century, there existed nascent middle classes, characterised by similarities of occupation,

lifestyle and status, and endowed with a certain capacity for collective action. Their emergence was the product of three intersecting but at times competing processes:

- the incorporation of Ghana into the world economy from the late 19th century;
- the expansion of the education system, starting with the introduction of mission schools in the 19th century;
- the expansion of state employment, especially in the immediate post-independence era.

As Polly Hill (1963) showed, the country's migrant cocoa farmers founded the cocoa industry almost entirely by their own efforts, and made Ghana the largest global producer. They were prototypical capitalist entrepreneurs, purchasing land, accumulating capital and employing labour. They were quite diverse, and not all were capitalists. However, a critical proportion of around 10 per cent of the farmers produced the bulk of the cocoa, accrued substantial surpluses and invested them in other forms of business and in education for their children.

Educational expansion was demand driven from the start, reflecting the perception that it was the key to employment in the modern economy, the professions and the bureaucracy. It fast became the principal vehicle of social mobility, as Foster (1965) and others emphasised. Ghana was almost unique among African countries in the quality of its educational system and in the skills of its educated elites.

The state played a crucial role in class formation, being the largest employer of the products of the educational system. Especially in the immediate post-independence era, it brought a new public service elite into being, which enjoyed the privileged life style of the former colonialists (good salaries, subsidised housing, cars and travel allowances). Oppong's (1974) study of middle class marriages tells the story.

The net result of these three processes was the formation of occupational groupings with varying and sometimes conflicting claims to middle class status. The way the members of these groupings used their growing political influence during and after the movement that led to Ghana's independence in 1957 had decisive effects on the character of the state, and hence on economic and social development in the subsequent decades.

### ***Middle class politics and economic management after 1957***

By 1957, Ghana's two main political traditions had

strong social identities, as well as complex local roots in regional and community-based loyalties. Those parties which claimed the mantle of Kwame Nkrumah, especially his own Convention People's Party (CPP), were middle-class-led but drew their support from subaltern groups. They portrayed themselves as the representatives of the common man or woman. The parties stemming from the conservative Busia-Danquah tradition were led, as in the case of the NPP now, by members of the country's professional, chiefly and business elites, while maintaining a wider support base through the influence of 'big men' in their local communities (Rathbone 1973, 1994).

When in power, the representatives of these distinct traditions acted in ways that were by no means identical. However, the policies they pursued were in different degrees unfavourable to the emergence of a dynamic capitalist middle class or bourgeoisie. The comparatively strong business class that existed at independence lost political influence under Nkrumah's government and was systematically frustrated by its economic policies. Even after Nkrumah was deposed by a military coup in 1966, economic liberalisation was half-hearted and mixed with heavy doses of economic nationalism. The supposedly liberal Busia government's expulsion of 'aliens' (migrant farm workers and entrepreneurs) did little to help domestic business, whilst contributing to a short-term economic crisis and a long-term decline in cocoa production (Killick 1978).

An apparent upsurge of business activity in the 1970s under the Acheampong military regime proved illusory. A *nouveau riche* group emerged, composed of traders and businessmen with strong links to the political and military establishments. Far from constituting a potentially viable entrepreneurial class, they depended almost exclusively on monopoly rents extracted from price controls and import licences, and on various forms of cheating permitted by an individual's links with the ruling elite. The military regime's economic policies, combined with '*kalabule*' (literally, clever bully) capitalism, combined to produce catastrophic economic decline and a collapse in business confidence.

Throughout these decades, the political elites that controlled the state lacked secure and independent sources of income and status. They therefore used the state to accumulate wealth for themselves, rather than to advance a genuine programme of national

development. State management shifted surpluses from the rural economy into government hands, introduced severe distortions in the economy and created an environment which was far from conducive to business investment and wealth creation. This pattern of behaviour could not continue indefinitely

By the end of the 1970s, the mal-functioning economy had produced major shifts in the relative prosperity of the various class groups. The previous beneficiaries of statist economic policies – the public sector elite and urban wage workers – suffered severe squeezes in their real incomes as a result of rampant inflation, falling state revenues, a shrinking public sector and wage compression. The Rawlings ‘revolutions’ of 1979 and 1981 brought to the surface the acute class anger of the many groups whose incomes and living conditions had fallen sharply.

### ***Limits of the Rawlings revolution***

The Provisional National Defence Council (PNDC) regime initiated by Rawlings in 1981 was, in the event, to abandon its initial radical programmes in favour of policies of economic stabilisation and structural adjustment. The Economic Recovery Programme introduced in the mid-1980s reversed the decline in the economy. However, the private sector was slow to respond, having spent many years adjusting to a distorted and politicised economic environment (Hart and Gyimah-Boadi 2000: 2-8). Moreover it remained suspicious of the Rawlings government – a suspicion which was in large measure reciprocated (Hutchful 2002: 176-182). The populist origins of the PNDC and later NDC (National Democratic Congress) regimes contributed to one of their most significant policy failures: their inability to convert economic liberalisation into a dynamic process of national economic revival, involving the re-creation of a vigorous and self-confident private sector.

The pro-democracy movements which arose to contest military rule in the late 1980s were largely led and organised by middle class groups, including professionals, intellectuals, university students and church leaders (Nugent 1995). The process of democratic consolidation over the last 15 years has been associated with the re-emergence of a range of middle class organisations and the flowering on new ones. This raises the question whether there is now a prospect of the post-independence relationship between politics and business being overturned and replaced by a more dynamic form of linkage.

There are some grounds for expecting such a shift. The NPP’s electoral victory in 2000 was seen by many as heralding a decisive revival in the political fortunes of the old lawyer-chiefly elite, who formed the social basis of the Danquah-Busia tradition. On the surface at least, the NPP’s success tilted the balance in favour of the country’s long-neglected entrepreneurial classes. The NPP’s proclamation of a ‘Golden Age of Business’ suggested this was so. However, according to the argument of this paper the evidence does not yet confirm that a radical break has been made. We begin a consideration of the present situation with a brief review of the structure of today’s middle class groups.

### ***Who are Ghana’s middle classes today?***

There is a near dearth of empirical studies to help us in mapping Ghana’s middle classes. All the major studies of individual middle class groups, including Oppong’s (1974) of middle class marriages, Kennedy’s (1980) of Ghanaian businessmen and Luckham’s (1976, 1978) of the legal profession, were published at least two decades ago.

It is clear that there are several social categories or groups which have some claim to elite or middle class status, with highly diverse and sometimes competing interests. We mapped the most important of the groups composing Ghana’s middle classes, grouping them under four broad headings: the entrepreneurial bourgeoisie; professionals and other independent educated groups; state elites; and middle class members of Ghana’s diaspora community. Some, like businessmen or independent professionals, are incontestably middle class. The claims to middle class status of some other groups, such as public servants, church leaders or chiefs, may seem less obvious, although we argue that there are manifold social interconnections between them and other middle class groups.

There exist, so far as we know, no empirical studies of the networks and associational ties which bind middle class groups together and determine their capacity for collective action. However, it is evident that there are many networks interconnecting the wealthy, the highly educated and claimants to ‘Big Man’ (or ‘Big Woman’) status. Some are formalised in clubs or associations. Others are looser networks of people sharing common interests or origins. The motives for membership differ. Some are philanthropic, others are devoted to status

enhancement and many combine both types of purpose. What is important is the web of interconnections they create, linking different middle class groups. Some of the more important are:

- alumni associations ('old boyism' and 'old girlism');
- dynastic families;
- elite clubs and lodges (Rotary, Masons etc.);
- sporting activities and clubs (golf, tennis etc.);
- media platforms for public interaction and debate;
- co-residence in middle class residential estates;
- home town and ethnic associations;
- diaspora networks and associations.

The social bonds maintained through these networks tend to be elastic and informal. Yet they impose reciprocal obligations and often mediate middle class relationships with the poor (e.g., through the charitable activities of lodges, or the social and political activities of home town associations).

### ***The middle classes and social inequality***

Increasingly, the middle classes inhabit a separate and very different social world from the great majority of their poorer and less educated compatriots. The only recent study we could locate of middle class life styles (Boadu 2002) is based on indicators from the 1997 Core Welfare Indicators Questionnaire (CWIQ) sample survey of Ghanaian households. According to the latter, only 1.4 per cent of households own cars or trucks; 6.8 per cent have flush toilets; and 4.0 per cent use gas or electricity for cooking. Only 1.2 per cent of the household members questioned had postsecondary education. Another survey in 2002 for Afrobarometer presents a not dissimilar picture. Only 3.0 per cent of Ghanaians interviewed had some kind of postsecondary education, while 25.9 per cent had secondary education. Just 1.8 per cent were professional and semi-professional workers, 2.6 per cent were in business and 3.5 per cent were teachers. Only 2.6 per cent claimed 'high incomes' of over 1.1 million cedis a month – \$145 at 2002 rates of exchange, scarcely a measure of middle class prosperity by international standards (Afrobarometer database; and Gyimah-Boadi and Mensah 2003).

The survey data also hint at a further conclusion, that since the economic meltdown of the late 1970s/early 1980s, many well educated people in middle class occupations dropped below the income levels and consumption standards previously associated with

middle class status. This was the combined result of the increased numbers receiving higher education, the stagnation of employment, and squeezes on incomes and jobs in the state sector. Many academics, graduate teachers, nurses and even unsuccessful lawyers, found themselves slipping beneath middle class income and status thresholds. Their plight contributed to the exodus of middle class groups into Ghana's diaspora.

### ***Business classes as potential drivers of change***

The liberalisation and gradual expansion of the economy over the past twenty years has unquestionably fostered a more conducive environment for business activity compared with earlier eras. The development of the stock exchange and of financial markets has diversified sources of investment finance. Business associations including the Association of Ghanaian Industries (AGI) and the Ghana National Chamber of Commerce (GNCC) have lobbied government on key issues like investment finance, transparency in economic policy and protection from dumped imports. A range of new associations have emerged to compete with the established ones and to fill new niches, like the Ghana Association of Women Entrepreneurs (GAWE) or the Young Entrepreneurs Forum (YEF). These have tended towards more activist approaches to business promotion and interest group representation, and to be less shy of political involvement (Hart and Gyimah-Boadi 2000: 17-18).

Without further research it is hard to construct an accurate map of Ghana's entrepreneurial classes, including their 'entrepreneurial deficits' (NMTPSDS 2004:13). They are indeed a highly diverse group, including (a) directors and executives in multinational companies operating in Ghana; (b) the managements of state and joint enterprises; (c) entrepreneurs in established Ghanaian limited liability companies with a recognisable corporate structure, a handful of which are listed on the Stock Exchange; (d) established family firms; and (e) a vast range of small independent entrepreneurs with limited capital and a handful of employees. The last category lack secure finance and most elements of corporate identity, including proper financial records or even bank accounts.

Some 70 per cent of firms are micro-enterprises, with five or fewer employees. The boundaries between such small enterprises and the wider informal sector, in which more than half Ghana's households are engaged, are indistinct. Many entrepreneurs lack the education

or formal training associated with middle class status. Yet they are a crucial group for the economy, often having proven entrepreneurial abilities, small amounts of capital for re-investment and in some instances diaspora connections. For example, the so-called ‘burgers’, the returnees from wage employment in European cities like Hamburg, dominate the trade in imported second-hand vehicles and parts. How to ‘scale-up’ these micro-enterprises and integrate them into the formal economy, so as to make them effective competitors in domestic and export markets is a crucial policy issue. How might this be achieved?

### *The new entrepreneurs*

There already exists a small nucleus of firms and entrepreneurs, running efficient, high profile companies, competitive in international markets, who are potential catalysts of the wider business and technological innovation needed to make a success of the Golden Age of Business. We held a focus group discussion with a group of young entrepreneurs of this type.

Although by no means a representative group, the participants had business histories that suggested there is scope for innovative, high technology, high value-added forms of business entrepreneurship in Ghana today. One, for instance, is the co-proprietor of a leading Ghanaian run software firm, which has grown over the past decade or so from a small partnership into a company with seventy employees. It has a successful record of marketing its products elsewhere in Africa. Another manages a company specializing in wood products, agro-forestry and essential oils from medicinal plants. Most of the company’s investment funding has been secured from its joint venture equity partners in Europe, who were interested because they needed access to a high quality product. These partners are critical to the venture’s success, since they enable the company to sell directly, lowering costs.

Members of the group were asked to discuss the obstacles to business expansion in Ghana and the tangible benefits (if any) of the ‘Golden Age of Business’. Some of their responses are summarised in Box 1.

Immediately striking in the group’s bill of complaints was the level of scepticism about government and the Golden Age of Business. But there was also a deep ambivalence. The government was looked to provide a generally conducive climate for business, especially long term investments.

#### **Box 1: Perceived obstacles to business expansion in Ghana**

- ‘The Golden Age of Business is simply not operational’. ‘The policy environment is terrible’.
- Macro-economic instability remains an important constraint, despite recent improvements. High government borrowing crowds out funding for equipment and re-tooling.
- Financial institutions, including the Ghana Stock Exchange, are not working as they should. Available financing is mostly short term trade finance, not for investment.
- Government provides no protection from unfair competition or subsidised imports. IFIs and donors are unsympathetic to arguments for protection, even when they are solidly based.
- The bureaucracy and civil service tend to be obstructive and unhelpful rather than pro-active in assisting business.
- Government procurement policies are chaotic, and often in practice discriminate against Ghanaian firms.
- Investment decisions by SSNIT and other government financial intermediaries have been swayed by personal connections and political considerations.
- Politicisation remains a major obstacle under the new political dispensation. Big contracts and investment opportunities ‘are swayed by which side, real or perceived, you are on. It’s hard to be neutral’.
- The export achievements of Ghanaian entrepreneurs go unheralded and unrecognised by government. ‘Some of us are better known outside Ghana than we are in Ghana’.
- Donors, too, are inconsistent. They undermine democracy by forcing the hand of government and parliament on key issues. Yet they do not provide credible restraint on government malfeasance, ineptitude and corruption.
- Policy making is supply-driven. Business people tend to be left out of policy formulation, so policy tends not to respond to the interests of business. The private sector itself is not well organised enough to put the government under real pressure
- The channels through which business can influence government are limited. Under the presidential system the executive is dominant and easily influenced by special interests. Parliament and parliamentary committees are hobbled, because the government has no interest in empowering the opposition.

On the other hand, even the more competitive entrepreneurs endorsed some kinds of protectionism, especially restraints against unfair import competition but also continued protection against imports from the West African region where unfairness did not seem to be an issue. Positive discrimination favouring domestic firms in the award of contracts was expected.

Although politicisation of government-business relations was deplored, none of the participants seemed prepared

to place all their trust in a non-political lobbying approach. Despite a broad consensus that business itself should get its act together, there was scarcely any mention of the established business organizations like the AGI or GNCC. Some participants had established their own informal links with the corridors of power, based on old school connections or familial links with members of the political class. Few, if any, were active in established business associations and networks, which they tend to regard as insufficiently supportive and dynamic.

Indeed an important subtext emerged, that one of the most important obstacles some businessmen face is lobbying by organisations with better connections to government or the ruling party. One example is the Ghana Timber Association (GTA), which has quite successfully opposed restrictions on logging and greater transparency in tenders for concessions. In sum, the divergent interests and political connections of different sections of the business community make it hard to build wider pro-business coalitions with sufficient autonomy to cooperate with the government on pro-business issues and challenge it when it disregards business concerns.

### ***Business promotion initiatives***

The Golden Age of Business has spawned a flurry of policy initiatives, including a National Medium Term Private Sector Development Strategy (NMTPSDS) 2004-2008. This is meant to coordinate government and donor initiatives, and ensure a comprehensive approach to private sector development. The strategy calls for government to increase dialogue with the private sector (NWTPSDS 2004: 8). But it would seem it has so far been mostly government and donor driven.

Such policies will not work if they do not tackle the prevailing politicisation of the private sector. It is one thing for the government to commit itself to a healthy and autonomous private sector; but quite another to practice the self restraint needed to allow it to flourish. Some NPP measures to support the private sector, notably the Presidential Special Investment Initiatives, under which government cherry-picks deserving enterprises for support, risk crowding out independent initiatives and encouraging the cronyism associated with the more patrimonial regimes of the past.

### ***Ghana's diaspora middle classes: gain or drain?***

The NPP government has put the spotlight on the diaspora by its initiatives to attract expatriate

Ghanaians back home, and to encourage them to invest in Ghana. The assumption is that the diaspora is a major national resource, which could make a tangible impact on national development in three main ways: (i) through the investment of remittances; (ii) through the return of skilled Ghanaians, who embody scarce human capital; and (iii) through the transmission of cultural influences and values.

Whether or not this developmental potential can be realised is a major issue. Although remittances by emigrants are already substantial, it is not clear that they are being used to maximum developmental effect. Meanwhile, emigration has several negative consequences, depriving Ghana of skills and acting as an escape valve for the pressures for change that might otherwise emanate from Ghana's educated middle classes. Some evidence on these topics from recent studies is summarised in Box 2.

#### **Box 2: The diaspora in numbers**

- Between 1993 and 2002, 3,157 health workers left Ghana, almost a third of the health workers completing their training in the same period.
- The exodus of doctors was especially dramatic. The number who emigrated between 1995 and 2002 (594) represents more than two thirds of the output of Ghana's medical schools.
- 1996 nurses left during the same period, around twenty per cent of those who completed their training.
- There was a more than six-fold increase in Ghanaian immigrants to the USA between 1986 and 1996 (when the total was 6,606). Most had tertiary education and/or technical skills.
- Remittances were \$710 million in 2001 and \$680mn in 2002, more than a third of the value of the country's merchandise exports.
- Overseas Ghanaians were responsible for some 27 per cent of Ghana's \$520mn tourist earnings in 2002.
- Although 92 per cent of Ghanaians interviewed in Washington DC make regular remittances to Ghana, the great majority were transfers to their families or investment in real estate.
- Almost all of a sample of elite Ghanaians interviewed in Britain sent funds back to their families or invested in houses in Ghana.
- Most belonged to national or hometown associations; some belonged to Ghanaian political parties, especially the NPP, and contributed to their finances.
- Although the number of returnees has increased over the past decade, they remain greatly outnumbered by those leaving Ghana.
- In a recent sample of returnees, 30 per cent were professionals in business, finance and management, and 11.5 per cent were in the health sector.

Sources: ISSER (2002); Boateng (2002); Henry and Mohan (2003).

The diaspora may also be a wasting asset which needs to be drawn upon now, rather than some time in the future. There are limits on the educational system's capacity to assure a continued flow of skilled graduates and professionals for export into jobs abroad. Also, many overseas Ghanaians and their children are slowly loosening their ties with Ghana.

Despite hometown associations, funerals and social events, which keep them in touch with their origins, links will inevitably weaken over time. Attracting back a substantial return flow of diaporeans is thus an immediate priority.

The benefits could be considerable. Returnees bring back not just skills and capital, but also transformed attitudes to established social hierarchies of status, age and gender, to work and to enterprise (Robinson 2004). Although few in number, those who have returned seem to have been playing catalytic roles in certain key sectors, like information technology, banking, academia and social advocacy.

We fear, however, that Ghana cannot count on the trickle back of returnees becoming a river, still less flood. The reasons are many, but they include the fact that their impact tends to be more limited than expected. Once home in Ghana, they often run into entrenched social attitudes and bureaucratic blockages, and all the other factors that make the business environment less than conducive. Returnees who stay in Ghana and succeed provide ample anecdotal evidence of their frustrations, including the so-called PHD (pull him/her down) syndrome, which ensures that habits and disciplines acquired abroad are not easily practised, let alone transferred to others (Boateng 2002; Robinson 2004).

### ***Can Ghana's middle classes foster a more developmental democracy?***

One of the most impressive features of Ghana's velvet democratic revolution was the broad support for democratic institutions among all social classes and groups. Recent Afrobarometer surveys strongly suggest that Ghanaians value democracy and other democratic freedoms very highly in its own right, rather than because it is seen in purely instrumental terms as the key to development and better standards of life (Gyimah-Boadi and Mensah 2003). Less than a third (29%) of Ghanaians interviewed believed that democracy is worth having solely if it satisfies everyone's basic needs – compared with more than two thirds (67%), who think its primary purpose is to give citizens a voice.

Ghanaians do not, it seems, burden democracy with too many expectations. Yet widespread poverty, socio-economic exclusion and inequality are problems, which Ghana's elites ignore at their peril. The capacity of Ghana's elected governments to tackle poverty is what they will ultimately be judged on over the longer run. To what extent can they be expected to be assisted in this by the political mobilisation of the middle classes?

Middle class individuals and groups played outstanding roles in opening spaces for democratic debate during Ghana's transition from authoritarianism. Moreover, Ghana's current political leadership is almost entirely middle class. Table 1 shows that almost half of the present MPs are professionals, including the 16 per cent, who are lawyers. In contrast, however, businessmen and farmers, with only 6 per cent of MPs each in the present parliament (and even fewer in earlier parliaments) are badly under-represented. Even more glaring is the almost total absence of lower middle class groups (clerks, skilled workers, small traders etc), let alone the poor. The situation is no different with ministers and party notables.

**Table 1**

<i>Occupation (%)</i>	<i>1993-96</i>	<i>1997-2000</i>	<i>2001-04</i>
Teachers and lecturers	44	32	26
Professionals	21	40.5	49
Public servants	18	20	13
Entrepreneurs/business persons	11	5	6
Farmers	5	2.5	6
Miscellaneous	1		
Total	100	100	100

In sum, Ghana's political elite is virtually the middle class ensconced in government. Even so, it is hard to discern a definite middle class, still less bourgeois, vision of how Ghana should change to catalyse a wealth-creating society, despite all the rhetoric surrounding the Golden Age of Business. One reason may be the sheer diversity of the country's middle classes and of their interests. Moreover middle class groups, like lawyers, professionals and higher civil servants, are not direct wealth creators, although many engage in entrepreneurial activities on the side.

Business people are not well represented in Ghana's political life, nor – as we have seen – do they form an active and well organised constituency for pro-business change. The entrepreneurs consulted in our focus group claimed they deploy a wide array of tactics to make their views known to policy-makers, including representations to ministers and parliamentary committees, as well as participation in media debates. Nevertheless they feel that their views are not heeded, and that they take second place to other special interests, and indeed to donors.

Such a picture of business disempowerment is hard to square with the obvious importance of money politics in government and in the ruling NPP party. Little concrete is known regarding business funding of political parties, although it is clearly important and in the case of NPP includes significant funding from diaspora businessmen. It seems that certain commercial interests, like the Ghana Timber Association, representing the powerful timber exporters, or GUTA, lobbying for import traders, enjoy privileged access to government decision making, and have been all too good at pleading special cases. The problem may not be that business interests are disenfranchised, so much as the predilection for behind-the-scenes influence-peddling and lobbying for side deals and exemptions, in what remains, despite reforms, a politicised and in many ways corrupted business environment.

### ***Middle class leadership and broader public interests***

The capacity, indeed desire, of middle class groups to mobilise broad-based support for pro-poor policies is still more open to question. Crook and Ayee (2003) discuss how voters across the social spectrum can sometimes be mobilised to demand better urban services – even if delivery then runs into the familiar quagmire of party patronage and corruption. Yet, in practice the most effective collective action tends to be regarding services like home security and refuse collection in middle class residential enclaves. There is little evidence of effective collective action around wider goals like reduction of corruption, greater accountability or increased funding for public sector schools. And taxpayer or consumer advocacy groups have largely failed to materialise.

Of course, this does not mean there are not middle class individuals and groups actively engaged in

advocacy and building alliances across class boundaries. Ghana's 4<sup>th</sup> Republic has greatly expanded the political space for a range of think-tanks, advocacy groups and pro-poor NGOs. Some, like CDD, the Centre for Policy Analysis (CEPA), Third World Network (TWN), Institute of Economic Affairs (IEA) and the Tamale-based Institute of Policy Analysis (IPA), are playing an important agenda-setting role across a wide range of developmental and policy issues. However, nearly all are Accra-based and all are highly dependent on international donor funding.

How might middle class support be mobilised to get social equity issues onto the political agenda, in such a way that they make a real difference to government priorities and to the poor and excluded themselves? To achieve this, bridges need to be built across a number of gaps.

First, there is the gap separating the middle class advocates from policy-makers in government. There appear to be sharp differences in the language of development used by the NPP and its professional and business supporters on the one hand and the discourse of pro-poor advocacy groups on the other. The former emphasise wealth creation while the civic advocacy groups talk of poverty reduction – and the issue is how they can be harmonised. This is compounded by the limited capacity of the state to take control of the resources necessary to fund equity-oriented expenditures.

The chronic improvidence of the state, inadequate limits on presidential spending and the absence of a credible budget process all limit the scope for reallocating resources. Advocacy groups have limited, if improving, access to the budget-making process via parliament, its finance committee and its social sector committees. Yet these committees themselves are only marginally involved in the budget process, usually belatedly after the proposed appropriations have been submitted. Moreover, as Paper 2 in this series shows, the executed budget bears a tenuous relationship to the one approved by parliament.

A second gap that needs to be bridged is between pro-poor advocacy groups, many run by radical or socially concerned elites of middle class origin in Accra and Kumasi, and the broad range of community bodies and hometown associations which voice the concerns of people at grass roots. Only if cooperation

between the two levels occurs in a more sustained fashion, will the poor and excluded themselves become politically empowered, so that government and political parties take notice. However, pro-poor advocacy still operates largely within tradition of state paternalism and does not adequately emphasise individual and group self-reliance and the acquisition of grassroots civic competence. Thus, urban based advocacy groups and hometown associations tend to join villagers to beg for favours from visiting government delegations, foreigners and indeed any patron.

A final gap is that arising from the narrow social base, inadequate resources and weak technical capacity of most pro-poor advocacy groups. Opposition politicians, especially those from the northern regions, and policy advocacy groups such as ISODEC/Center for Budget Advocacy (CBA) have trenchantly critiqued annual budgets and highlighted the lack of focus on pro-poor issues. However, they have been unable so far to propose credible and sustainable alternatives (e.g., CBA 2004). In the opinion of experienced observers, the record of pro-poor civic advocacy groups in undertaking technical reviews of structural adjustment programs or making inputs into Ghana's Poverty Reduction Strategy has been far from impressive. Another area of weakness is the lack, despite Ghana's well established legal profession, of a strong tradition of pro-poor public interest litigation. Even the use of legal interns by pro-poor public agencies such as the Legal Aid Board or the Commission for Human Rights and Administrative Justice is notable for its absence.

In sum, middle class reformers have been active in pressing for a range of pro-poor changes. But huge gaps remain between their social equity agenda and their ability to secure tangible benefits for the poor and excluded. They face many obstacles, not least the indifference or opposition of other middle class interests.

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## **About the publication:**

**These Policy Briefs have resulted from collaborative research and analysis conducted by a multi-disciplinary team from the Ghana Center for Democratic Development (CDD-Ghana) and the London-based Overseas Development Institute (ODI) in 2003 and 2004. Historically-informed and less technocratic, they take a fresh look at where Ghana is coming from, where it actually is, and where it may be headed.**

**The Briefs come in two versions: a general analysis and four case studies on particular topics. Together they provide an overview of how social, political and economic forces have interacted in the country, and with what effects.**

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**Correspondence:  
The Publications Officer**

**Ghana Center for Democratic Development,  
CDD-Ghana  
P.O. Box LG 404, Legon - Accra, Ghana**

**Tel: (+233-21) 776142/763029/784293-4**

**Fax:(+233-21) 763028**

**E-mail: [cdd@ghana.com](mailto:cdd@ghana.com)**

**Website: [www.cddghana.org](http://www.cddghana.org)**