

WELCOME ADDRESS from Dr. Charles Jebuni

Ghana has been faced with a stubbornly high fiscal deficit since 2006. This occurred largely as a result of spending excesses which depleted resources from the economic boom in terms of improvements in the terms of trade, aid inflows and commercial borrowing. Unlike some other countries in Africa, Ghana did not save part of this temporary boom for a possible downturn — the proverbial rainy day. Addressing this deficit would under normal conditions require some fiscal and monetary retrenchment.

At the same time, Ghana finds herself gripped by a world economic crisis. Reactions to this crisis in most countries have involved stimulus plans of fiscal and monetary expansion as well as “protectionist” measures in procurement, such as “buy local”. This situation will dictate caution in any fiscal retrenchment.

The dilemma is addressing the possible growth-reducing effects of the world economic recession in the context of a high domestic fiscal deficit. At heart it is a matter of choosing between two strategies of development: Growth with Macroeconomic Stability and Macroeconomic Stability with Growth.

External resource inflows may be seen as the answer. Yet, the conditions for such inflows may contradict and adversely affect the government’s approach to poverty reduction. In pursuit of this approach, the government signed agreements with the World Bank and the International Monetary Fund, accepting a classical stabilization package with all the relevant conditionalities.

Are the provisions of these agreements consistent with the policies approved by

Parliament in the Budget Statement and Economic Policy for 2009? Are the provisions of these agreements consistent with the social democratic principles which are the means by which the government intends to address poverty?

The CEPA Assessment and Critique of the 2009 Budget Statement and Economic Policy of the Government of Ghana provides in the Executive Summary the relationships between these agreements and the preferred “growth with stabilization” approach.

The main report assesses the 2009 Budget Statement and Economic Policy.