THE RECEPTIVITY, VIABILITY, AND IMPLICATIONS OF CHINA'S STATE CAPITALIST DEVELOPMENT MODEL: A GHANA CASE STUDY

by

Daniel Abankwa

A dissertation submitted to the Faculty of the University of Delaware in partial fulfillment of the requirements for the degree of Doctor of Philosophy in Political Science and International Relations

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ABSTRACT

My dissertation evaluates the receptivity, viability, and implications of China's state-capitalist development model. China's current economic stature as the second-largest economy has left much to be debated as to the mechanisms, reforms, and policies that led to such a gradual but outstanding economic development. Amid this debate, developing countries that started on a similar footing, have been the subject of analysis in terms of how China's reforms and modus operandi can be replicated in the developing countries. This study is situated in that debate and uses Ghana as a case study to not only understand how receptive and viable China's development model is in a staunchly liberalized developing country like Ghana but also to unpack the broader domestic and international implications of a region-wide adoption of state capitalism.

My first paper, "The Receptivity of Chinese-inspired State Capitalism: A Ghana Case Study" provides an original contribution to studies on the spread and replicability of the Chinese development model in Africa and other developing regions. The paper reveals the replicability of China's state capitalist model in Ghana based on past and contemporary feasibility but finds public receptivity towards the model rooted in free market fatigue and openness to experiment with the model. Ingrained confidence in free-market capitalism and motivations to develop Ghana and Africa's unique model of development, however, suggest that any administration's capacity to carry out policies aimed at replicating China's development model in Ghana is bound to face opposition.

My second paper examines the viability of state capitalism in Ghana using domestic and cross-national inefficiencies of State-Owned Enterprises (SOEs) as analytical tools. It utilizes country reports authored by the staff of the International Monetary Fund (IMF) and the World Bank as well as data sourced from official government reports, newspapers, and public speeches of government officials. The paper argues that while Ghana's SOE sector under President Nana Akufo-Addo has seen some promising unprecedented reforms that emulate China's early SOE reforms, the long-term viability of a state capitalist approach to the economy is bleak as the country has not yet proven immune to the domestic, and cross-national failings that characterize SOEs, such as the culture of impunity, unsustainable accrual of debt and fiscal risks, subpar performance, weak incentive mechanisms, and the hesitancy of democratic administrations to carry on with initiatives and reforms began by their predecessors. Ultimately, the paper contributes to scholarly notions that seem to suggest a wave of China's state capitalist development model gaining prominence in developing countries and superseding the neoliberal economic systems rooted in developing countries.

Having looked at the receptivity and viability of China's state capitalist development model, my third paper delves into the first-hand perspectives on Chinese-inspired state capitalism from members of international financial institutions. It veers away from the academic dialogue on the replicability of state capitalism in some African countries to then assess the positions and perspectives of officials of critical international financial institutions that have their mandates centered on global aid, development, and finance on questions bordering on the possibility for developing countries in Africa to adopt Chinese-style state capitalism and the overall domestic and international

implications that such a widespread adoption could engender. The study primarily involves semi-structured interviews with current members of the chosen few international financial institutions. The paper contends that within the relatively unexplored realm of these organizations, members hold a generally positive view of China's economic and trade ties with Africa. However, their stances on the implications of widespread adoption of state capitalism are predominantly grounded in several key considerations. These include the potential for such a move to cause a shift in geopolitical and geoeconomic alliances as well as serve as a mechanism to attain economic sovereignty and growth in Africa. Additionally, there is the prospect of a reversion in international trade dynamics and principles, as well as governance standards. Lastly, there is the concern of possible sanctions from donors and international institutions.

CHINA'S STATE CAPITALIST DEVELOPMENT MODEL IN GHANA: REPLICABILITY AND RECEPTIVITY

1.1 Introduction

As Western colonialism met its demise, political leaders' pursuit and embrace of statism became pronounced among nations that did not belong to either the capitalist Western Bloc of developed countries or the Eastern Bloc (Sperber, 2019). Subsequently in newly independent Africa, relatively lagging in economic growth and its consequential decline in the standard of living, African leaders sought aid from the International Monetary Fund (IMF) and World Bank which resulted in the prescription of free market ideologies under the Washington Consensus meant to correct public sector mismanagement, pervasive state intervention in economies and consequently set African countries on the path of recovery (Opoku, 2010). This engendered a rollback of the state in the economic domain and many African countries transformed their economies from ones that were state-dominated to a free market system with privatization as a pivotal policy tool (Nwankwo & Richards, 2001).

The intellectual appeal of the Washington Consensus has since noticeably waned following socioeconomic realities in Africa failing to confirm the ideals of neoliberalism and privatization coupled with the success stories of countries like China, Vietnam, India, and Malaysia which did not fully liberalize as recommended by the Washington Consensus but still achieved high levels of growth. The discourse for alternative

developmental strategies and models was thus triggered which set the tone for a post-Washington Consensus that does not abandon the role of the free market but questions the extent to which "neoliberals recognize that there is a role for the state, beyond the minimal role of enforcing contracts and property rights" (Stiglitz, 2004, p. 3). Within the post-Washington Consensus championed by Stiglitz is the recognition that the state has a critical role to play in the process of development. This did not seek to entirely relegate free market principles to the periphery but to acknowledge state and markets as "complementing rather than substituting each other" (Önis and Senses 2005, p. 275). Reassessing developmental models later found an audience in prominent international financial institutions and in the view of former World Bank Chief Economist Justin Yifu Lin, "China's and other East Asian economies' experiences provide a golden opportunity for rethinking the fundamental issues of the roles of the state, market, and other institutions in a developing country's process of development and transition to catch up with the industrialized nations" (Lin, 2011, p. 13).

The current scope of US-China rivalry in international politics may foretell how competing development models and spheres of political and economic influence are likely to shift in the coming decades and centuries. Fukuyama did not mince words in alluding to this likelihood when he asserted that "the big question for the future of global politics is straightforward: Whose model will prevail?" (Fukuyama, 2016, p.1). The stage one may argue has thus been set for deliberations on both the governmental and academic levels on what model may be gaining ground globally. In a report by the US Senate Armed Services Committee, China's push for its development model in Africa assumes diverse forms bound to shape the choices and preferences of African leaders. In pursuing

this agenda, capacity-building programs and government fellowships have been extended to African leaders meant to educate them and create awareness of "China's experience in economic development and political governance, as well as help them to replicate such policies in their home countries" (Senate Armed Services Committee, 2018, para. 24, 25). Africans' endorsement of China's policy tends to be achieved by China's offer of investments and generous credit facilities – "such a benevolent perception of China and the popularity of China's development model due to its perceived effectiveness significantly enhances the appeal of the Chinese style of state capitalism in Africa" (Ibid, para. 28).

In April 2011, the Washington-based Center for Global Development argued that "post-global economic crisis, we are witnessing a shift away from the Western free-market or neo-liberal economic model in the developing world… and what model will the more consolidated democratic Ghana look to as its oil income continues to rise?" (CGD, 2011). It further asks that now that the "American style capitalism" has lost its luster as being a special economic model worthy of emulation, will countries be more attracted to the Chinese or Singaporean system where the state wields a significant "top-down" control and management over the economy? In most countries in the developing world, where their economic systems are still dominated by Western-led neoliberal policies, can this alternative development model of the World's largest economy by purchasing-power-parity (PPP) represent a model that can be replicated in Africa, especially Ghana and what may be the nature of public receptivity towards such a model? This study takes a qualitative approach to elucidate and assess the China development model in terms of its replicability and public receptivity in Ghana. The paper is organized

into four sections. The first section unpacks the origin of the China model, state capitalism as its running feature, and studies on its replicability. The second section lays out the methodology undergirding the paper and proceeds to present and thematically analyze the findings. The third section situates the findings in the literature, delves into their implications for Ghana and points out the direction for future research on the China development model. The last section concludes the paper with a summary of arguments, recommendations, and suggestions for the West whose development models and prescriptions currently predominate Ghana and Africa's economy and politics.

1.2 The China Model and State Capitalism as a Running Feature

The debate about the China model manifested in three waves. The first wave began after Joshua Ramo's article, "Beijing Consensus," was published in 2004 (Zhao, 2017). The article suggested that China had discovered an exceptional approach to modernization, which involved being innovative, improving quality of life alongside economic growth, ensuring sufficient equality to prevent unrest, prioritizing independence, and self-determination, and rejecting Western powers' attempts to exert their influence. The second wave of the model occurred after China's successful hosting of the Beijing Olympics in 2008, during which the entire nation was mobilized. This event sparked enthusiasm among many Chinese intellectuals, who took part in the debate with a sense of national pride in the Chinese state which not only awed the world with the tremendous success of the Olympic Games but also China's ability to better surmount the global financial crisis than many Western nations. "As a result, the China model surged as a popular term in the so-called 'discourse of greatness' that includes such terms as 'China

in ascendance', 'the China path', 'the China experience', 'the China pace', 'the China miracle' and 'the rise of China'". (Ibid, p. 3).

> *"The new wave coincided with the 30th anniversary of the economic reform and the 60th anniversary of the People's Republic. One celebration conference produced a lengthy book of about 630 pages on the China model. Wu Zipan, the Party Secretary of Beijing University, wrote in the preface that 'due to the steady and high-speed economic growth and the political stability in the past 30 years, we are confident to declare a unique China model of modernization'. The book's editor, Professor Pan Wei at Beijing University, explained that the China model featured a state-led economic development, including the state control of land and raw materials of production; state-run financial industry and large-scale enterprises; a free labor market and free commodity and assets; and the communist party leadership produced by a unique selection and evaluation mechanism of officials and an advanced, selfless and united ruling group" (Ibid, p. 3).*

Discourse about the third wave of the China model started upon Xi Jinping's ascendance to the General Secretary of the Chinese Communist Party and as president of China in 2012, "calling for the China Dream of great national rejuvenation". The China model for Xi was both an outcome of the economic boom in the reform years and the state's pursuit of "power and prosperity led by the CCP after the founding of the People's Republic of China…in addition, Xi's China model promoted Chinese exceptionalism against Western values" (p. 5). Besides cracking down on corruption, reinforcing his power, and strengthening state capacity, the empowerment of state-owned enterprises became a hallmark of Xi's China (Ibid, p. 8).

The economic performance of China validated the model of state developmentalism and re-warranted strong state model voices which "had been subdued after the Asian crisis in their battles against proponents of (neo-)liberal approaches across Asia" (Paus et al., 2009; Stubbs, 2011 as cited in Breslin, 2011, p. 1327). Following the

2008 global financial crisis, the relationship between China's government and its economy became tighter. The country's overall capacity to perform and surmount the challenges posed by the crisis strengthened the confidence and resolve of policymakers and Chinese economists with a consequential outcome of an increased willingness to intervene in the economy in a more forceful and decisive manner (Naughton 2009). China's economy is characterized by a "combination of a predominantly market economy, emerging capital markets, and large and important government-owned corporations" (Naughton and Tsai 2015, p. 2). In China, not only do the strategic sectors remain under the direct control of the state under this type of economic system but the banking sector also features a strong hand of the state. The desirability of maintaining a strong state sector in the Chinese economy has lingered since 2004 and "today, understanding state firms is important for interpreting virtually every aspect of China's economy and politics." (Ibid, p. 2).

China offers one of the most robust modern state capitalist systems in contemporary times. The IMF has acknowledged that "the recent growth of SOEs on the world stage primarily reflects the rise of China's economy-where SOEs still play a large role along with other emerging market economies" (IMF, 2020, p. 1). China did not fully privatize but instead pursued a mixed economic model where the Chinese government exercises enormous influence in the economy by retaining substantial control in critical and competitive sectors like finance, utilities, transport, telecommunications, and oil and gas (Naughton, 2010; Zhao, 2010; Ambrosio, 2012; Dickson, 2011; Saray, 2019; Stewart, 2010). The Chinese government does allow the free flow of capital, commodities, and labor but its defining characteristic is mainly creating "national champion industries"

which partly borders on the state's protection of Chinese firms from international competition (Ferchen, 2013, p. 399). In ideological terms, Chinese state involvement in the economy is a testament to the avoidance of extreme ideologies such as free-market capitalism or fully-fledged communism (Li et al., 2009).

The ownership structure of China's SOEs has undergone reforms. Key among them is the prohibition of selling state shares to private entities while attracting the necessary private investment needed for growth and expansion even if it means a trickling down of state shares below fifty percent (Naughton, 2018). In a state capitalist economy like the Chinese economy, the state "may intervene by owning a significant percentage of productive assets through various forms of statism such as government subsidies, investments, consumption, and various regulatory instruments" (Wright et al., 2021, p. 2). The government also instrumentalizes different types of state-owned enterprises to control and govern the "exploitation of resources" deemed the "state's crown jewels to create and maintain large number of jobs" (Bremmer, 2010, p. 14). In Bremmer's understanding, national champion companies which are common in state capitalist nations like China possess many advantages over totally private corporations. First is the ability to operate collaboratively with other national champions in places where foreign private corporations are prohibited from doing business. Second is the ability to invest in profitable ventures in repressive jurisdictions and regimes that multinational companies dare not approach and third, is their ability to "pay above market prices to lock up critical assets, such as oil or minerals. These state-owned companies, in other words, are looking long term on behalf of their citizens, not just on short-term profits which dictate private corporation thinking" (Herbert, 2010, para. 9).

1.3. Replicability of the China Model Beyond China

Amid the debate about the waning of the Washington consensus and the replication of China's model in developing countries, Naughton's (2010) seminal contribution to the debate postulated that while the distinctive features of China's model provide useful ideas, they are not easily replicable by other developing nations. Having looked at conjectures around the most distinctive and most fundamental component to the performance of the Chinese industrial system, he finds that what "they have in common is that they all describe a far larger and more activist role for the government in the economy than what is contemplated in the Washington Consensus. And so perhaps it is fair to characterize the Chinese development model as one in which 'government ownership and investment play a strong role in the economy, but in a pragmatic and flexible way" (p. 454). But according to Naughton, the link between China's economic success story and statist government policies are not adequate because it fails to ask, "*how China was able to avoid some of the most debilitating aspects of government failure*" (Ibid, 455*).* This he pins down to China's authoritarian political system that reduces "agency loss, very focused on economic objectives…and tinkering and adjusting and avoiding catastrophic outcomes".

This authoritarian political system according to him "creates an unusually strong and pervasive system of monitoring that allows the system to continue functioning despite the incentives for corruption and personal enrichment…the Communist Party through its control and evaluation of personnel provides an additional, particularly intrusive, means of monitoring behavior" (p. 456). Even when officials and managers are

vested with significant power, the strong temptations, and tendencies to resort to malfeasance and corruption are strongly deterred by the authoritarian government's expansive surveillance mechanisms coupled with severe punishments. "Since an authoritarian hierarchy with these characteristics is likely to remain fairly unique to China, it suggests that Chinese experience is not likely to be highly generalizable" (457).

Beeson & Li (2015) reiterate such concerns by arguing that whatever name we attach to the Chinese development experience, it is indisputable that it has unique features when compared with Anglo-American alternatives, but it does not represent a transferable template as compared to the Washington Consensus. For them, "even if the Washington Consensus was not always strictly adhered to—even in the United States itself—it did represent a readily identifiable brand of economic theory that could be promoted as a coherent package. The Beijing Consensus, by contrast, offers no such transferable template" (p. 108). Although the political and intellectual movements that brought forth the Washington Consensus have undergone considerable changes, Babb (2013) argues that it has yet to be challenged by any serious paradigms (p. 268). Even gauging popular conceptions through US and non-US media sources about the Chinese model of development reveals that "concerns about the beginnings of an anti-democratic 'reverse wave' are exaggerated and that at the present time there does not appear to be a decisive shift in favor of a model of authoritarian-capitalism…this is especially true since Beijing does not make any universalistic claims about its model of development nor does it actively seek to export its model to other countries" (Ambrosio, 2012, p. 381, 395). If anything, the Chinese experience may only serve as a strong evidential source for leaders

who will point to China's economic success in an attempt to wield continuous power and dismiss any calls to democratize (p. 396).

More recent studies have tested the replicability of the China model in Africa. According to Kinyondo (2020), Tanzania's development path in the last twenty years has been partly influenced by the China model. Specifically, the author asserts that Tanzania has indeed followed the China model to some degree based on initiatives like poverty alleviation programs, the pursuit of good governance and industrialization, and "bringing back SOEs to the center of economic production" (p. 980). However, Tanzania is not positioned to achieve the same level of success as China as the former does not have a comparably large population that provides a ready-made domestic market and a skilled workforce. In addition, China's leaders are selected based on merit rather than the nepotism that is still prevalent in Tanzania. Babones (2020) on his part casts a wider net and argues that while it could be feasible to introduce a China model of economic development in countries like Poland and Mexico, which have effective bureaucratic systems in place, it may not be feasible to implement it in Sub-Saharan African countries due to their less developed conditions like ineffectiveness of state institutions. "Perhaps the only Sub-Saharan African countries with the state capacity to implement Chinese-Style state neoliberalism are South African and its thinly populated neighbors Namibia and Botswana" (Ibid, p. 1002).

These aforementioned studies, therefore, make it prudent to study the replicability and receptivity of the China model in a developing country like Ghana and add to the growing literature (Weiwei, 2006; Ngomba, 2012; Li, 2015; Abdullah & Abdul Rahman, 2015; Fukuyama, 2016; YAGCI, 2016; Polyakova & Meserole, 2019; Thombiano &

Zhengke, 2020; Babones, 2020; Kinyondo, 2020; Zhongming et al., 2021) on how China's economic miracle is inspiring the spread of its model across developing countries. Studying the replicability and receptivity of the China model in terms of state capitalism or state intervention in Ghana's case does not only bring to light how such a case conforms or deviates from the findings presented in other cases in Africa but may also inform U.S. foreign policy deliberations on the spread of China's economic norms in countries where U.S. influence and ideals have historically been felt on their economic and political front. This study adopts Wei's (2009 as cited in Zhao, 2017, p. 3) characterization of the China model as featuring a "state-led economic development, including the state control of land and raw materials of production; state-run financial industry and large-scale enterprises; a free labor market and free commodity and assets; and the communist party leadership produced by a unique selection and evaluation mechanism of officials and an advanced, selfless and united ruling group".

The rationale behind dwelling on Wei's characterization of the China model manifests in two dimensions. Firstly, it illuminates state capitalism (state-led economic development, including the state control of land and raw materials of production; state-run financial industry and large-scale enterprises) as one of the core features of the China model and one that represents a fair departure from the market-led economic norms advanced by the US and Western multilateral institutions. Secondly, his characterization of the *China model* enables scholars to start to analyze the known and studied individual and collective CCP policies that accounted for China's economic miracle and especially those that partially or fully deviated from the free-market policies or norms espoused by Williamson in his original conceptualization of the Washington consensus. The utility of

using these known and studied non-liberal economic policies and approaches to China's development experience does not only lie in offering international political economy scholars an umbrella term under which every illiberal policy that accounted for China's growth can be identified, analyzed, and categorized but to also tease out the efficiency and replicability of those policies for developing countries which did not fully realize the economically beneficial outcomes and promises of the Washington consensus.

1.4. Methodology

The paper employs a qualitative research methodology. The choice of qualitative research methodology for the paper was informed by the research question. The logic for the choice of methodology is also premised on the aim of elucidating and capturing rich, in-depth perspectives and descriptions on the replicability and receptivity of China's state capitalist model, an endeavor that may hardly be achieved with a quantitative approach.

Lynch (2013) in *Aligning Sampling Strategies with Analytic Goals* evinced multiple sampling strategies that can be incorporated into interview-based research. She views selecting samples randomly from a population of interest to be the most reliable method for drawing accurate conclusions from a sample to the entire population. However, for her, not all interview research demands random sampling because those who may be selected at random may not have the capacity to provide a full account (positive or negative) of a phenomenon that a researcher is interested in. In the context of non-random sampling, I chose the purposive sampling strategy. Purposive sampling, as a type of non-random sampling, entails the choice of population elements based on specific characteristics that are considered pertinent to the analysis - for example, an individual or

a group of a particular social class, political or economic class (Rai & Thapa, 2015; Etikan et al., 2016; Andrade, 2021). For this paper, I interviewed journalists, members of Ghana's civil society, and businesspersons with substantial economic backgrounds. Profiles of individuals were gauged and determined through their academic and professional profiles and having them indicate or mention their years of professional, research, reporting, or advocacy experience generally on Ghana's economy, economic policy trajectory, and Ghana's bilateral and multilateral dealings. Snowball sampling strategy as evinced by Lynch (2013) was incorporated in the study for gradually accumulating respondents based on recommendations from earlier interviewees.

For purposes of triangulation, other primary data in the form of government policy documents and op-eds of Ghana's economic stakeholders were duly incorporated into the study. Global news search engines such as Factiva and Nexus Uni were essential data sources and useful ways to obtain more data. The search terms used for retrieving and screening news sources were *Ghana Capitalism, Ghana China Model, Africa Capitalism, Africa China Model, Ghana Beijing Consensus, and Africa Beijing Consensus* as those were best suited to provide media sources needed for the study. Common patterns and themes were created that helped me analyze and interpret the research data. The interview data and other primary sources were subsequently used as references in my report of the findings. The data was reduced to only the themes and responses that were relevant to the research question. Fieldwork in Ghana was conducted in June, July, and August of 2022. The questions that guided the semi-structured interview were: What is your perspective on the replicability and feasibility of China's state-capitalist model in Ghana in terms of state ownership and creation of champion

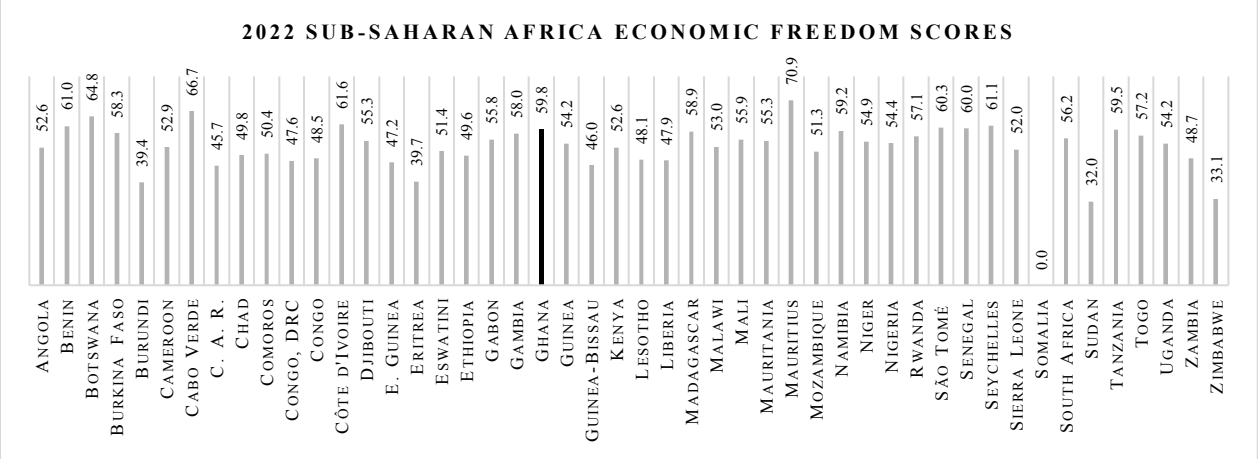
industries? How prudent is it for Ghana to embrace a state-led development model as opposed to a market-led economy?

Why the case of Ghana? Ghana was chosen because not only is it a *typical* free market capitalist economy in Africa but has also been deeply engaged with China in recent years. It is also *longitudinal* in the sense of offering a rich insight into the adoption of alternative developmental models over time. Ghana has often been touted as one of the regional champions of free-market reforms (Huq & Tribe, 2018; Nwanko & Richards, 2001, p. 170) often backed by the Bretton-Woods institutions. Since 1995, the country has maintained an appreciable score on the index of economic freedom with a recent 2022 score of 59.8, ranking ninth in the region and even higher than South Africa (56.2) and Nigeria (54.4), the two largest economies in Sub-Saharan Africa (illustrated in Figure 1). Coupled with its adoption of free-market economic principles, Ghana has also been able to ride on the renewed China-Africa economic engagements to benefit its economy by obtaining low-interest loans in terms of actual disbursement and commitment (Abankwa, 2021).

As of 2021, total Chinese loan commitments to Ghana stood at five billion and ranked second to Nigeria in the West African sub-region (CARI, 2021). This deepened Ghana-China economic relations adds to the suitability of Ghana for the study in terms of the enormous Chinese influence in their economy and how that may conscientize Ghanaians into favoring the model through which China, a once developing country was able to turn around its fortunes into the second largest economy in the world. As the findings in the Ghanaian context may not aim to generalize to other Sub-Saharan African

countries, the scientific aim of replication for qualitative studies (Yin, 2009) may be alluded to if one or more case studies in the region confirm the findings in this study.

Figure 1



Computation of data from the Index of Economic Freedom.[1]

Table 1: Interview Participants Information | Note: CSS: Civil Society Stakeholder

Participants	Nationality	Occupation	Education	Years of professional/reporting/research/ advocacy experience
Participant 1	Ghanaian	Banker	Bachelors	23
Participant 2	Ghanaian	Finance Journalist	Masters	15
Participant 3	Ghanaian	Academic & CSS	PhD	34
Participant 4	Ghanaian	Academic & CSS	PhD	16
Participant 5	Ghanaian	Businessperson	Bachelors	20
Participant 6	Ghanaian	Finance Journalist	Bachelors	10
Participant 7	Ghanaian	Financial Consultant	PhD	14
Participant 8	Ghanaian	Governance Expert & CSS	Masters	30
Participant 9	Ghanaian	Finance Journalist	Masters	12
Participant 10	Ghanaian	Banker and CSS	Masters	25
Participant 11	Ghanaian	Financial Consultant	Masters	27
Participant 12	Ghanaian	Businessperson	High School Cert.	17

$\bar{x}$=20.25

Tables 2 and 3: Other Data Sources

Government Official	Former/Current Office	Period Served	Political Party
Kwame Nkrumah	Former President of Ghana	1960-1966	Convention People's Party
Jerry John Rawlings	Former President of Ghana	1981-2001	National Democratic Congress
John Agyekum Kufuor	Former President of Ghana	2001-2009	New Patriotic Party
John Dramani Mahama	Former President of Ghana	2012-2017	National Democratic Congress
Nana Akufo-Addo	President of Ghana	2017 (Incumbent)	New Patriotic Party
Hon. Kennedy Agyapong	Member of Parliament (Assin Central)	2000 (Incumbent)	New Patriotic Party

Author	Profession	Country/Organizational Affiliation

[1] The Heritage Foundation, Washington, D.C. https://www.heritage.org/index/download. Accessed 02/13/23

John Kwabena Kwakye	Economist and Dir. of Research	Institute of Economic Affairs (IEA), Ghana
Kofi Amoah	Economist and CEO	Global Access Savings and Loans Ltd, Ghana
Arthur Mutambara	Former Deputy Prime Minister	Movement for Democratic Change, Zimbabwe
Thomas Joseph Mboya	Trade Unionist & Statesman	Kenya African National Union (KANU), Kenya
Kwame Gyasi	Columnist	Daily Guide Ghana, Ghana
Safo Amos	Social Justice Advocate	Business and Financial Times, Ghana

1.5 Findings

1.5.1. Past and Contemporary Feasibility of State Capitalism

Formerly known as Gold Coast and bordered by French-speaking Côte d'Ivoire, Togo, and Burkina Faso, Ghana attained its independence from British rule in 1957 and went on to become a republic in 1960 upon the adoption of a new constitution. It is considered one of the more stable countries in West Africa, having undergone successful governmental transitions since 1992. In the political domain, Kwame Nkrumah, an avowed nationalist, and pan-Africanist became Ghana's first president upon successfully leading the quest for independence. In the economic domain, Ghana since independence has made several attempts at industrialization. A left-leaning Kwame Nkrumah pursued policies aimed at a developmental state with enormous attention and investments into State-Owned Enterprises.

His ideology of liberation of Ghana and Africa from imperialism was interlaced with the prioritization of a state-led development approach - an approach that he perceived as key to escaping the machinations of imperialism. Nkrumah's instrumentalization of champion industries in his economic liberation agenda was profound right from the very beginning. According to Esseks (1971), Nkrumah's first four years in office were characterized by the adoption of "policies towards foreign private capital which amounted essentially to a strategy of competitive coexistence. Enterprises controlled by the state, or the major Convention People's Party (CPP) were

newly established or expanded to compete with expatriate firms in banking, insurance, shipping, timber, extraction, construction, and manufacturing" (p. 59). After the overthrow of Nkrumah, there was an alternation of economic models mainly propelled by civilian and military administrations until 1981, when Ghana started to implement free-market reforms that made it the poster child of liberalism in Africa (Langan, 2021).

In contemporary economic circles, the approach by Nana Addo-Dankwa Akufo-Addo (Ghana's fifth president under the Fourth Republic) toward State-Owned Enterprises differs significantly from that of his predecessors in the Fourth Republic. In 2021, exactly a year after his reelection, his administration completed an unprecedented hundred percent acquisition of AirtelTigo, a once privately-owned mobile telecommunications company in Ghana. The government has also entered a joint venture with Zotus Group and Ashanti Airlines to launch a new national airline slated to begin operations in 2023 (Mwangi, 2023). The Akufo-Addo government has reinvigorated and reformed the surviving SOEs which did not suffer the brunt of the rampant privatization by previous administrations under the Fourth Republic. At present, the Ghanaian government has a stake in approximately 143 entities, which include 46 enterprises that are fully owned by the state, 38 joint ventures, 47 regulatory bodies, and 12 development partners (Ahlijah et al. n.d.; SIGA 2019). A few of these entities are the National Food Buffer Stock Company, Ghana National Petroleum Company, Ghana Airports Company Limited, and Ghana Grid Company (GRIDCo), among others.

Characterized as "a new dawn of SOEs in Ghana" (Ahlijah et al., n.d.), the current administration has made critical reforms to Ghana's SOE operations centered on accountability, efficiency, and meritocracy. Among the key reforms are first, converting

the 1987 State Enterprises Commission (SEC) Law (PNDCL 170) to a State Interest and Governance Authority, 2019 (Act 990) which gives this agency a "new power and mandate to acquire, receive, hold, and administer or dispose of shares of the State in SOEs" (Ibid). This was meant to correct poor supervision of SOE and incoherent joint venture arrangements that had plagued the old SOE structure. Secondly, unlike the single source (Consolidated Fund) funding that characterized the old SOE structure, this new 2019 act modified and expanded SOE funding sources to include funds approved by parliament, grants and loans, Internally Generated Funds (IGFs), and fees levied against entities or individuals who violate certain provisions of the SIGA Act. Thirdly, the new act legally authorizes the collaboration between the government and private organizations in joint ventures. In terms of the appointment of individuals who manage these SOEs, the new act unprecedentedly introduces term limits for board members.

The tenure of each board member of the authority has been reduced to 4 years, and they are now limited to serving a maximum of two terms. This is a change from the previous structure which allowed for a tenure of 5 years with no term limits. Fourthly, the act also introduces an element of meritocracy as it now requires candidates who wish to serve on the board to have specific educational and professional qualifications. Lastly, conflict of interest issues prevalent in SOEs is also checked by the new act which necessitates that members of the board who have a vested interest in a matter being discussed by the Authority reveal this interest in writing and abstain from decision-making on the said matter in question. All in all, SIGA guidelines and their punitive measures or sanctions "is to prevent the *business-as-usual* approach that entities and individuals have accorded to state-owned enterprises in the past" (Ibid).

The President's unprecedented approach to SOEs not only has legal backing in the form of promulgation of new laws, but his rhetoric does confirm a posture towards restructuring and strengthening SOEs. In his keynote address at the maiden State Interest and Governance Authority (SIGA) annual stakeholder meeting of Chairpersons of Boards and Chief Executives of SOEs in 2023, the president remarked that:

> *"Your call to this service was based on the belief in your capabilities to help develop our nation and your task is simple, be efficient and profitable where applicable and contribute significantly to the growth of the economy…Excuses for non-performance will no longer be tolerated... Steer the ship as an able captain or be kicked out. You have the responsibility to steer your individual entities toward economic development by encouraging innovation and growth. We have to sail together or sink together, and I have no doubt about your expertise and commitment. We admonish underperforming entities, especially the bottom five to sit up" (Appiah-Dolphyne, 2023).*

The same administration has intervened forcefully in the market to implement landmark industrial policies aimed at transforming the structure of Ghana's economy from one based on the export of raw materials to an industrialized and manufacturing-based economy with the state taking an active role. In pursuance of this, the government has begun to advance public-private partnership (PPP) arrangements that aim to set up several industries across districts in the country. Ghana is thus experiencing a comeback of an Nkrumaist statist approach to economic governance and state capitalist elements of China's development model in its industrial space. Given that some of these state-sponsored factories have begun full operation, one can confidently assume the basics of state capitalism of the Chinese model being replicated in Ghana by a president who

shares the Chinese vision and had remarked at a 2018 FOCAC[2] roundtable meeting of Presidents and Heads of State in Beijing that:

> *"We are witnessing, today, how China's aggressive development of the market economy, on the wheels of industrialization, in this new era of socialism with Chinese Characteristics, has lifted some half a billion people out of poverty, creating the world's largest middle class in the process... Ghana is aiming to replicate China's development model, which has seen her, over the last three decades, creating progress and prosperity for the masses of the Chinese people…Ghana is inspired by this model, and are trying to replicate same, though, inter alia, our industrialization policy of 1 District-1-Factory" (GOG, 2018, para. 1-3).*

The factories which have become fully operational and spread across the sixteen regions of Ghana include: Aglow Farms, Agricultural, Industrial and Commercial Products AICP, Alfie Designs, Ankod Industries, Aspee Pharmaceuticals, B5 Plus Alloys Company, Birim Oil Mills, Brompton Portfolio, C. K Engineering, Darko Farms Group, Ekumfi Fruit Processing Company, Home foods Processing and Cannery, Kete Krachie Timber Recovery, Navina Catel Garments, Miro Forestry, Osiadan Concrete Products, Profad Glazing System, Skyline Steel Company, Sneda Transformers Technology, Sunda Ghana Investment Company, Vestor Oil Processing Company, Zuriel Carbon Products, A & G Pipes and Plastics, Benie Oil Mills, Global Specialty Oils and Fats, Kwaebibirem Oil Plantation, Volta Tilapia, among others. While some of these selected companies were started from scratch by the government of Ghana, several others were private companies that received considerable state support and were brought under the One-District-One-Factory (1D1F) umbrella. Thus far, these factories according to the president, are aimed at transforming Ghana's economy from an import-dependent

[2] Forum on China Africa Co-operation (FOCAC)

economy to an industrialized economy "which would provide quality domestic alternatives to the consumption needs of Ghanaians" (Presidency, 2022, para. 10).

State capitalism is not inimical to private enterprises and Ghana through a leader inclined to the China model has intervened to support these select group of local factories through a range of financial support such as asset financing, long and short-term trade, and equity investment, and joint venture arrangements under the 1D1F[3][4]. This form of support goes beyond the conventional role of the state in a free-market system which is to protect property rights, regulate the market and advance competition, enforce contracts, and extend basic incentive structures for private actors. The banking industry in Ghana has also seen an appreciable level of support from the state. The purchasing power of the state has been leveraged to support the financial industry and today, one may find institutions like Databank Financial Services Limited that are benefitting from the broad fiscal and monetary directives of the state (Arhinful, 2022; GhanaWeb, 2022; Nartey, 2022).

This state-sponsored industrial program begs the secondary question of the creation of champion industries that would not only be competitive and protected by the government in the domestic market like in China but would also be supported by the government to pursue and score lucrative economic deals with foreign markets and governments. According to one participant, this intervention is already ongoing in Ghana. Through influential associations such as the Association of Ghana Industries (AGI) and the Ghana Chamber of Commerce and Industry, special dispensations have been

[3] https://oxfordbusinessgroup.com/reports/ghana/2019-report/economy/factory-force-government-incentives-encourage-the-private-sector-to-build-value-added-processing-facilities.
[4] https://www.trade.gov/market-intelligence/ghana-one-district-one-factor-1d1f-initiative

deployed (in law) for local industries to thrive amid the intimidation of international competition. Examples include tax rebates for Small and Medium-Sized Enterprises (SMEs) and local industries, low capping of utility costs for local manufacturing firms, and an exclusive local content policy for onshore and downstream petroleum industries among others (Interview A, 2022, 06.20.22). He continued that it is incumbent upon the state to as a matter of urgency take steps to deliberately create champion indigenous industries whose activities will transcend national boundaries to eventually become giant multi-nationals. They should be protected against unfair competition from their foreign competitors and given direct interventions that would let them thrive and grow. To him, Ghana should follow the Nigerian example where all efforts have been made to protect Glo against unfair competition from telecom giant MTN Group. Indigenous Nigerian banks were strengthened and protected during the financial service sector clean by Governor Lamido Sanusi but the same cannot be said for Ghana's situation (Interview A, 2022, 06.20.22).

1.5.2. Free Market Fatigue and Openness to a Chinese and Asian Model

Proponents of the Chinese model of development in Ghana and Africa appear to believe that, since the Chinese model propelled China to its current economic successes, any unfounded critique of the Chinese and Asian model should be rejected. Other evaluations of the replicability of the model in Ghana are premised on the inability of the current free-market economy in Ghana to not only cure the persistent developmental challenges which the free-market economy was believed to do but also caused the domination of the domestic market by wealthy foreign investors and multinational

companies which have rendered the ordinary Ghanaian businessperson uncompetitive. According to Babones (2020, p. 1000), the Washington Consensus' push for the introduction of free-market capitalism in low-capacity countries in Sub-Saharan Africa and Central America did little to improve the GDP per capita of those countries. "They simply exchanged internal exploiters for external ones" (Ibid, p. 1000). For Safo (2018):

> *"Other critics, mostly from the West, say there is a dark side to the China model. They say rampant official corruption and social injustice have violated the principles of what the people believe to be good governance. According to them, the most disappointing aspect of China's reforms is under-development of the rule of law – which leads to institutionalized state opportunism, self-dealing of the ruling class, and rampant corruption. But the question remains: which country in this world can claim its political leadership is not corrupt? So, to cite corruption as the reason the Chinese model is not worth replication cannot hold water. The criticism aside, it is well-documented that China's growth remains a bright spot for the global economy. As countries in the developing and post-Communist world continue to search for new models of development and governance, the China model is a tempting option. What China did in the past was to redefine its economic preferences, taking a state-led option…To the extent that this model has catapulted China to the second-biggest economy in the world, it cannot be entirely written off. In every system, the state must play its oversight role of steering development. Perhaps Ghana is following the Chinese example by declaring a development beyond aid agenda, embedded in the One District-One Factory policy." (Safo, 2018, para 26, 29).*

The Singaporean success story championed by Lee Kuan Yew and his blend of private and state capitalism as a catalyst for the country's economic transformation resonates with Gyasi (2015). For him,

> *"Ghana had been saddled with criminals as leaders in every field of human endeavor, particularly in governance, and unless we can get our own Lee Kuan Yew, we would be wasting our time and end up at the Stone Age where we are already…at the back of my car is a poster with the inscription: Ghana Needs a Lee Kuan Yew." (Ibid, para. 12, 16).*

A member of Ghana's ruling party and sitting Member of Ghana's Eighth Parliament for Assin Central, Hon. Kennedy Ohene Agyapong raises subtle issues of free-market capitalism in Ghana that have often been swept under the carpet for the sake of inviting foreign investors and touting the openness and flexibility of the Ghanaian economy, while all along their impact on domestic businesses is often ignored. In doing this, the need to scrap the status quo and follow the Asian model of government partnering with local entrepreneurs to set up industries is made apparent. In his line of reasoning:

> *"This is the time we must be innovative and change our old style to new. The government must be creative. I believe that we can reinvent our policies by using the Asian model called the Asian miracle. The Asians felt the Europeans and Americans are far ahead of them, so they had to reinvent their economic policies…Government monies should not be directly handed to individuals who intend to build factories. Some people upon being handed government money are so predisposed to divert it to other personal purposes. Such people must go to jail. That's the Asian model. They did not trust the people. They were as corrupt as us. But they changed because they made sure that everybody who was set up played by the rules." (Agyapong, 2022).*

> *"Foreign companies' full repatriation of profits from Ghana does not auger well for the cedi, the economy, and local traders. I am not against foreign investors, I am not. But we should make sure we put Ghana first because agreements that we sign with these foreign investors, I do not think we think about the country…I do not want to pinpoint any foreign companies, big, big ones, and disclose the amount of money they transfer. That must change…when you allow your country to be dominated by foreign investors, you will have these challenges…Government loans from development banks should be disbursed directly to individual businessmen. Even at an 8% interest rate, the production cost of the businessman goes down outrightly and puts him on a greater footing to compete effectively with foreign companies manufacturing the same product. But in the regular situation where the loans are channeled through commercial banks before being extended to the local businessman at a 14% interest rate, right there, he is out and outcompeted by the foreign company." (Agyapong, 2022).*

In denouncing Ghana's premature adoption of capitalism and why Africa and Ghana needed to tow the Chinese development model in its early stages of development,

especially ones bordering on protectionist and state capitalist policies, Amoah (2023) laments that:

> *"China, in her initial stages of development, knowing it didn't have much to compete with and didn't want her domestic market to be swamped with imports of higher quality and cheaper prices…a situation which acts to kill fledgling local startups…elected not to join the WTO until she was ready… Smart China took over mega global industries with their home-grown manufacturing prowess and has now risen to the Number 2 spot on the list of the large economies of the world, expected to become No 1 within a decade or less… As China grew richer and richer with their smart policies of centralized economic development planning, Africa grew poorer and poorer, indebted to the West…The next upcoming elections for all African countries but especially for Ghana must have on the ballot "The type of development philosophy and economic architecture" Africa must adopt to help finally unfree ourselves from the shackles of what Dr. Kwame Nkrumah aptly called neo-colonialism and imperialism. We must face this squarely to prevent another century of Africa's exploitation." (Amoah, 2023, para. 12, 14, 16, 18).*

Some participants' perspectives corroborate Amoah's (2023) assertion while also acknowledging the deep-rootedness of free market capitalism in Ghana since its introduction. For them:

> *"It was premature for our relatively young economy to buy into the free-market model. A state-led approach to the economy should have been the order of the past fifty years as we tried to find our feet in the international market. The free trade order should work for us and not against us. As the world has been up for free and unrestricted trade, we cannot continue to rest our economy on massive imports from our trading partners day in and day out. Although I am against the international free-market regime, I understand that it is not going away anytime soon. The time has come to put our energies into making and exporting goods and services that are of high value which would ultimately make us ultra-competitive." (Interview I, 2022, 07.13.22).*

> *"I fully endorse a state-led approach to economic development, especially protectionist measures to protect our industries as China did. The economy cannot continue to be dominated by foreign investors and multinationals. We can replicate the Chinese development model, but the structure of the political system*

> *makes appointments of people without the technical know-how the norm of the day and inhibits the appointment of non-political people who may possess the right competence to steer the affairs of state-owned enterprises or champion industries. If the pursuit of the creation and ownership of champion industries like what the Chinese did were to be implemented in Ghana, the system of appointment for managers and CEOs to man those enterprises would need to emulate the Chinese meritocratic way." (Interview J, 2022, 08.03.22).*

In one of the policy briefs by the Institute of Economic Affairs, Ghana, how Ghana massively lost out in its adoption of liberal economic policies is laid bare and thus recommended that the country revert to direct state interventionist policies which promise to "unleash the country's growth potential" (Kwakye, 2020, p. 1). In terms of privatization and the free market in Ghana, the author observes that:

> *"Ironically, in the early stages of their development, western countries did not practice the very policies that they and their apologists now preach to Ghana and other African countries. They did not practice unbridled free market and private enterprise policies…The most damaging impact of privatization is loss of indigenous ownership and control of our economy. In fact, our gross domestic product (GDP) and balance of payments (BoP) measures tend to be highly overstated since we include the benefits that accrue to foreign investors. If we strip our GDP of the portion that accrues to foreigners to arrive at gross national product (GNP), we would see that it is relatively modest. Similarly, our GNP per capita will be much smaller than our GDP per capita that is used to measure our relative richness on a global scale. It is because of the foregoing reasons that we should take back control and ownership of our economy. The state should be back in the driving seat—not at the fringes of the economy." (Ibid, p. 1, 3).*

To the ordinary Ghanaian, it may be quite amusing to hear former president Jerry John Rawlings (under whose administration many free-market reforms were rolled out in Ghana) berate capitalism. While his policies put him neatly in the category of most capitalism-friendly governments in Africa during his administration, some of his post-presidential rhetoric casts him as a not-so-great admirer of the capitalist reforms he once

pushed but one whose hands may have been tied to accept free-market reforms as a result of the state of Ghana's economy as at the time. Nonetheless, in retrospect, his inclination toward a government-run economy resonated with some of his post-presidential rhetoric. "Rawlings was initially a staunchly authoritarian-socialist, introducing workers' councils to oversee the country's burgeoning factories, attempting to instill government management of the economy and build close relationships with the Soviet Union" (Apeagyei & Asafu-Adjaye, 2020, para. 8). In a speech at the Institute of African Leadership for Sustainable Development, Rawlings asserted that:

> *"The very Pope John Paul who contributed to the collapse of the Eastern bloc several years later in his pastoral letter indicted the economic practices of the world with the words "the savagery of capitalism". That should tell you what became of the world after the collapse of the bipolar world. Nepotism and privatization of power both economic and political have been the order of the day so and further down several years later what did President Carter also say? He reproached America and said you've lost your moral stature…Obama did his bit to hold it in check with the practices of some of these multinational entities and corporations, but the point is that it has assumed a life of its own in the rest of the world and Africa with its weak situation, vulnerable situation, weak institutions has become the most vulnerable place…I'm saying that we are being assimilated in the name of investment and these private entities. We will continue to hold the short end of the stick for some time. Can we unchain ourselves, can we get out of that grip, that hold?" (Rawlings, 2022)*

1.5.3. A Unique Ghana and Africa Model

Scholarly discourse in Zimbabwe and Tanzania and findings from Ghana go beyond the language which constructs a Washington Consensus-Beijing Consensus dichotomy. In such discussions, scholars argue that this dichotomy overlooks the essence of Africans developing their own development models that suit their unique situation, practices, values, culture, and tradition. In as much as the two models of development

have their strengths that are worth emulating, there should never be a false sense of belief that an imported development model would do the trick for the continent. Hodzi (2020) even highlights how some political leaders in Africa having recognized this have already begun "reconstructing the China model, creating their own multifaceted versions that delicately balance their own domestic interests and their bilateral relations with China while deriving maximum benefits from the People's Republic of China (p. 888, 902).

> *"Indeed, the Chinese political and economic models have worked for China and not benefitted Africa. The answer for the continent and its countries is not to copy the Chinese, Western, Scandinavian, or Singaporean political and economic systems. We must create our own models. Yes, we must learn from everyone, China, the West, Scandinavia, India, Singapore, and many other countries. As Africans, we must digest and grasp the gist and import of the Chinese model. The system's strengths, ingredients, and drivers as articulated in this treatise must constitute a source of inspiration to us as we fashion our own models in our different African countries. We ought to put our thinking caps on and design our own unique socio-economic and political systems that address our specific challenges in pursuit of our dreams and aspirations. Evidently, there are lessons from the Chinese success story." (Mutambara, 2021, para. 47, 48).*

Other participants communicated that:

> *"The rise of China as an economic powerhouse should have us incorporate the China model of development in our own development policy and planning. While our developmental trajectory has not really been something to write home about, there are some policies that we can attest to their effectiveness and success. Such policies regardless of their tag as a free-market policy, Chinese model policy, or whatever should be continued, strengthened, and owned by Ghana. China developed in a unique way (by combining socialism and capitalism) and Ghana should not blindly emulate that. We should also develop our own unique style." (Interview K, 2022, 07.06.22)*

> *"Replicating the Chinese model, rejecting the Chinese model, or continuing the free-market model all run counter to the very essence of our independence from foreign powers. Aspiring to either of the models rips us of our agency in determining what is best for us. We are no more a colony of any country, and we*

need to craft systems and practices that work for us." (Interview L, 2022, 06.22.22).

Thoughts from pan-Africanist Thomas Mboya second others' perspective about going the African way when it comes to devising methods and strategies for our collective and individual development. He also goes beyond the competing development visions of capitalism and socialism with or without Chinese characteristics to emphasize the deeper values and cultural components of the African society that should lean into our political and economic institutions and planning. In his speech on why "Africa never needed capitalism or socialism but Pan-Africanism", Mboya opined that:

> *"In Africa, the kind of economic, social, and political institutions that make sense must find their meaning in the African set-up. That any new organization which we bring up must be based on some traditional concept to life. It must not just be imported from outside. For example, we are clan-minded, we are tribal-minded in that we are communal in our concept of life. Now, it is necessary that our new institutions are based on this approach, what we have called in our definition of African socialism "mutual social responsibility" that is that a person is not just an individual, he is part of a system, he is part of a community, he has responsibilities within that community, he has duties to perform in that community, but in turn, the community has also got responsibility to him, they have duties towards him and his children." (Mboya, 2020).*

1.5.4. Ingrained Confidence in Free-Market Capitalism

While a state capitalist agenda is already ongoing in Ghana, going full statist mode and pursuing a full-throttle state capitalist economy by the current government as was practiced by Nkrumah however raises concerns on sustainability and efficacy among three interviewees. One revealed that:

> *"State-led economies have been proven to be less sustainable and highly averse to private equity and investments. Ghana had a taste of this module in the 1990s when over seventy percent of government-run state institutions had to be*

privatized over non-efficiency and debt. The country's economy became bullish in the 4th republic with a market-led economy which spurred economic growth and continues to place the Ghanaian economy as one of the top growing across the continent." (Interview B, 2022, 06.29.22).

Another expressed that:

"A statist economy would inhibit growth and create a fertile breeding ground for corruption among the political elite. In the telecommunication sector, the privatization of Ghana Telecom to Vodafone not only almost quadrupled the company's revenue but also created massive employment opportunities and set the company on the path of growth. There is stability in the energy sector today because of PPPs that have accounted for even excess capacity in power generation. When Power Distribution Services (PDS) took over the management of ECG (Electricity Company of Ghana), the company doubled its revenue in just a short while before the sale and purchase agreement was reversed by the government. In the banking sector, the trailblazers are largely privately-owned companies. It is interesting to note that Ghana Commercial Bank (GCB) which is a state-owned bank is the number one in revenue, assets, and market capitalization but the same cannot be said for profitability. This is due to inefficiencies which lead to high impairments and operational costs." (Interview C, 2022, 06.27.22).

"The Ghanaian economy experienced an average growth of 14% GDP from 1987 to 1999 when the state decided to free its hands from the direct management of state-owned enterprises. Although the divestiture implementation process was plagued with loads of malpractice it was a plausible decision to liberalize the economy and the gains so far outweigh the odds. Statism is not an option now as successive governments have shown to be very wasteful and inefficient in management. They have been shown to be "damagers" rather than "managers". The state should continue to set the rules and officiate the game as it empowers the private sector to be the engine of economic growth. I would also recommend a lot of Public Private Partnerships." (Interview D, 2022, 08.02.22).

While corroborating other interviewees' assertions, one participant (Interview E, 2022, 07.21.22) observed that if one were to take the policy directive of the current NPP government for instance, one could argue that there are a number of companies that have seen enormous support from the government. They may not be at the scale of the support

predominant in China and the East Asian region like the Samsung Group's support from the South Korean state. However, Ghana's state capitalist model has not been designed like that on the fact that, in Ghana, the government comes in and lays out its industrialization strategy for its four-year term which then manifests in the form of the creation of an industrial zone where a number of Ghanaian companies produce products of a particular value chain and gets some level of concession or protection. However, unlike the Asian model, the government does not single out a particular company for strategic purposes.

The tangible and intangible successes chalked by Ghana's liberal economy from the 1980s do exude confidence among people who are privy to not only the failures of Nkrumah's unflinching drive towards an economy where massive state investment in its corporations became the order of the day but also applaud the entrenchment of good governance and democratic practices that came with neoliberalism or free-market adoption. Some opinions that exude confidence in the liberal economy are vested in international recognition of Ghana's economic performance in the Sub-region and others do even allude to China's own belief in the strength of the free market in creating jobs and advancing development and equality. Also key in the push for the maintenance of the liberal economy in Ghana is the idea of a command economy and its modern offshoots' propensity to curtail collective freedom and liberties as justification for the pursuit of the national growth and development agenda. Three participants' perspectives conveyed their confidence in the free market. For one participant:

> *"Ghana's liberal economy has positioned the country as the best venture for international trade and investment (GIPC 2022 investment portfolio). This economic positioning has further bolstered the country's international reserves*

and macroeconomic stability pre-covid. In fact, Bretton Woods Institutions have cited Ghana's liberal economy as an influential mirror of the nation's matured democracy and political stability. Statism reverses these gains and thus, not in the crystal ball of policy or advocacy." (Interview F, 2022, 07.13.22).

Another argued that:

"The neoliberal policies that we have implemented over the years make it difficult for any new model to be implemented in our context. We have seen the strength and flaws of the neoliberal model and the least we can do is to put measures in place to ameliorate some of its flaws. With our scarce resources and the level of mismanagement in the system, we cannot take the risk of experimenting with a new model of development – it will take us back to square one. If we choose to go with free-market capitalism, it should not always be upon the dictates of Western nations. We can remodel the free market in a way that works for us." (Interview G, 2022, 07.06.22).

In elaborating on the gains of the free-market, another participant shared that:

"I believe the free-market approach is in sync with the freedoms that we are enjoying as Ghanaians. With the West's influence in our economy, it has made sure that the government abides by good governance and democratic principles in order to ensure continued support from them. If we were to get rid of the West and American influence in our economy and emulate an alternative model like the Chinese model, we may not get the same checks on our government as we know it." (Interview H, 2022, 07.26.22).

"In Africa, attempts were made to introduce this economic model that is socialism/communism which some even call "State capitalism", the principal actors being our own Osagyefo Dr. Kwame Nkrumah and Mwalimu (The Teacher) Julius Nyerere of Tanzania of blessed memory…After our independence, our great and illustrious leader tried to introduce some form of "State capitalism" instead of supporting the private sector "as the engine of growth". Under the idea of import substitution among others, he established the Industrial Development Company (IDC), which later on became the Ghana Industrial Holding Corporation (GIHOC), and also established state enterprises in all sectors of the economy. Naturally, most of these enterprises failed and have been divested. The State should by all means have controlling interests in some enterprises or sectors like electricity, water, health care, education, etc. because of our current development needs. But the core business of the State should be governance and not business." (Africanews, 2007, para. 4, para. 13).

The administration of John Agyekum Kufuor (Ghana's second president under the Fourth Republic) from 2001 to 2009 marked the period when Ghana was declared a Highly Indebted Poor Country (HIPC) under a program jointly supported by the International Monetary Fund and the World Bank Group's International Development Association, which some believed was another step at strengthening Ghana's liberal economy amid a stringent fiscal and monetary policy program. In the words of the Former President,

> *"There are some that have argued that "command economy" is the shortcut to development that must be foisted on the people and that personal freedoms and collective liberties can be sacrificed in the process. Ghana's history is full of these adventurers and theorists, who only manage to divide the people and stagnate the economy, retard the social development process and destroy whatever "safety net" that exist for the disadvantaged of society. We hope the lesson has now been learnt that never again should we allow our freedom to be sacrificed. We must insist on responsible governance that protects our collective liberty, our opportunities, and works to bring prosperity. The truism of the foregoing is captured in the currently broadly touted pragmatic idea of Public-Private-Partnership (PPP) as the best way to develop the society. I believe this is the kernel of the vision as eloquently stated by the late JB Danquah in 1950. This truism pervades globally now as even the formidable People's Republic of China, the once citadel of communism shows by its adoption of liberal economic principles. Similarly, the United States of America, the bastion of capitalism, evinces this maxim in its adoption of the stimulus package to shore up the failing financial sector since 2008." (Kufuor, 2012, para. 17).*

Former President John Mahama (administration spanning from 2012-2017) had extolled the prowess of the private sector in transforming the energy and transport sectors – sectors that have been deemed critical for China's state capitalist agenda. Mahama's view on deregulation and involvement of private entities in sectors of the economy like the telecommunication sector conveyed a soft spot for a market-led economy like John Kufuor. He had opined that:

"I remember that when we started the deregulation and liberalization of the telecoms sector, there were the apostles of doom, and there were others who said the telecoms sector was so sensitive that it could threaten the security of the state if you allow the private sector to come in. Today I look back, 15 years on, and see how far not only Ghana, but also the whole of Africa, has come with respect of the telecoms sector, and it is amazing. The bulk of this investment has been done by the private sector and not by governments. We can repeat what we did in telecoms in other sectors. Let's deregulate the energy sector and let the private sector do what it does best: invest and produce energy to feed industry and for domestic consumption. Let us deregulate the transport sector and let the private sector do what it does best. Invest in transport, and we will be able to move our people across the continent. Let us let the private sector do what it does best – raise investment for infrastructure – while government concentrates on the social sector to improve health care, to improve education and other essential human development index indicators." (Mahama, n.d., para. 4).

1.6. Discussion

While Naughton (2010) holds the view that the China model is not easily replicable by developing nations due to their shortcomings in the kind of accountability, efficiency, and expansive surveillance mechanisms that characterize China's authoritarian political system, the findings in this paper do not fully confirm such an assertion. Not only does the state-capitalist feature of China's development model resonate among some Ghanaians, but the findings also affirm that the president of Ghana who subscribes to China's development vision has indeed begun implementing state-capitalist policies to that effect by reforming State-Owned Enterprises and through what he characterizes as One-District-One-Factory.

While the means to China's economic miracle is replicable in terms of policies, translating those means into high-end economic growth outcomes in Ghana like what China achieved however remains uncertain. Williamson (2012) in challenging the dominance of the Beijing Consensus claimed that "while authoritarianism may appeal

strongly to some rulers, to most of the people of the developing world it will give China a bad name" (p. 16). The findings reveal that inasmuch as authoritarianism is not alluded to as a rationale to reject Chinese-inspired state capitalism or state intervention in the economy, the governments in the developing world like Ghana are keen on picking out only the economic dimension of the model and replicating it in their context. In this respect, the dominance or spread of China's development model should not be entirely ruled out because of the unpopularity of authoritarianism in the developing world. To some extent, China's extension of low-interest credit facilities and economic favors to the developing world may even stand the chance of eroding the supposed "bad name" that comes with authoritarianism.

The findings suggest that even as the NPP government touts itself as free-market oriented and subscribes to the slogan of "property-owning democracy", its industrial and social intervention policies have often had doses of the left. From John Agyekum Kufuor's large-scale social intervention programs (National Health Insurance Scheme (NHIS), Ghana School Feeding Programme (GSFP), Capitation Grant, Livelihood Empowerment Against Poverty Program (LEAP), Metro Mass Transport (MMT) and Pension reforms to Akuffo Addo's state capitalist approach to economic development and the introduction of free senior high school education, the emulation and replication of the Chinese model of development have tended to be more broadly pursued by NPP administrations as opposed to the National Democratic Congress (NDC). Akufo Addo's ideological orientation, pre-election development policy statements that resonated with the public, and his party's traditional (since the Fourth Republic) openness to adopt popular leftist policies may have created the very opening for the realization of some

state capitalist approach to development in Ghana. Thus, in addition to the state of a country's economy and the historical implementation and feasibility of a state-led development approach, the factors worth considering in any studies bordering on the replicability of China's model of development may find utility in considering the ideology of the leader, the mass acceptance of his message and the general philosophy of their party.

"Beijing has established a meritocratic system called "selection and election" where competent leaders are selected based on performance and broad support after a vigorous process that includes screening, opinion surveys, internal evaluations, and elections" (Mutambara, 2021, para. 17). For Kinyondo (2020), China's model which is characterized by leadership selection based on meritocracy makes the model in its purest form unreplicable in the Tanzanian context. This can be attributed to the persistent corruption and nepotism that not only render accountability and transparency hardly achievable but also produce leaders who may not be the most competent to manage state affairs (p. 979). Some perspectives in the findings (Interview J, 2022, 08.03.22) raised concern about the clientelist manner that characterizes the appointment of people to manage Ghana's affairs and that even before we begin to talk about the replication of the Chinese model and state capitalism, the mode of public appointment should be revised or rethought to have a semblance of the Chinese meritocratic method. As Ghanaian politicians run on unregulated contributions to fund their campaigns, appointments to offices and management positions at state-owned enterprises may be bound to be up for grabs for party members and contributors with whose funds the successful candidates run. Loyalty to parties and candidates in Ghana may thus trump competence or

meritocracy as practiced in China. Akuffo Addo's reforms to the operations of state-owned enterprises in Ghana are likely to correct such systemic flaws and dysfunction which had characterized the enterprises. A state capitalist system run by a clientelist, and nepotistic method of appointments may be unworkable in the long run.

Babones' (2020) concern about the unreplicability of the Chinese model in Sub-Saharan Africa due to the low levels of state capacity that characterize most governments was not alluded to by any of the participants. However, the numerous institutional and constitutional checks and blocks (political and non-political) in transforming a policy goal to actual implementation in a democratic country like Ghana are likely to impede the smooth, successful and long-term implementation of state capitalist model. Understanding state capacity as the capacity of state institutions to execute official policy goals, "no one doubts the ability of the contemporary Chinese state to put its policies into effect, whatever one may think of the advisability of those policies" (Babones, 2020, p. 998). That may not be said of a democratic country like Ghana. The vibrant democratic system in Ghana may carry its own drawback to the long-term success, replicability, and sustenance of SOEs and champion industries as practiced in China. A change in the political regime could mean a collapse of a champion industry. With the periodic change in government and the failure of parties to agree to stick to one core expansive national development agenda, champion industries that may be favored by one government to be competitive in the domestic and international market may fall out of favor upon a change in government. Such governmental support which had been instrumental in the industries' growth and sustenance may be withdrawn without any reflection on the already invested government funds. Abandoned projects by successive administrations

that have sprawled across the East, West, North, and South of Ghana are a frequent scene by virtue of administrations' reluctance to follow through policies and continue the projects of their predecessors.

As this study has unpacked the replicability of China's state capitalist development model in the Ghanaian context as well as its receptivity, not only can scholars build upon it and test the findings against other African countries and other developing countries alike, but it would also be critical to look at how the Chinese government through its national champions may be actively and directly championing the replication and transferability of a state capitalist agenda through the aid and credit facilities extended to African governments. A study of the financial proposals and agreements underpinning China-Africa engagements may reveal this role of the Chinese government through a careful look at the conditions and terms they proffer regarding financial agreements with Africa, particularly Ghana, and under which conditions or situations they amend their initial positions or withdraw entirely from agreements. Such an exercise may help unveil whether there is an active role by the Chinese Communist Party in directly influencing the developmental models of African countries as the former aims to assert its global economic influence.

1.7. Conclusion

In terms of the replicability and receptivity of the model in Ghana, the paper reveals the replicability of China's state capitalist model in Ghana based on past and contemporary feasibility but finds public receptivity towards the model rooted in free

market fatigue and openness to experiment with the model. Ingrained confidence in free-market capitalism and motivations to develop Ghana and Africa's unique model of development however suggest that any administration's capacity to carry out policies aimed at replicating China's development model in Ghana is bound to face opposition.

As the efficiency of state-owned enterprises and champion industries is key to the success of state capitalism, the long-term sustainability of the model in Ghana would come down to how effectively champion industries are able to manage political risk. The political risk posed to the sustenance of champion industries as a result of a change in government and change in priorities can be a significant bane to the sustenance of state capitalism as practiced in China. These political risks are what some foreign-owned businesses in Ghana may have successfully scaled over to account for their continuous operational and overall business success. If a state capitalist-driven economy were to be sustained by the Akufo Addo government, a single bipartisan national development plan by which successive administrations would be constitutionally bound is non-negotiable. Such a plan may limit the political risks to which state-owned enterprises and champion industries may be exposed. Prioritizing meritocracy and reducing corruption, clientelism, and nepotism would also be key to ensuring the long-term replication of the Chinese model. Barring other factors that can impede the successful implementation of the model, when a state-led approach to economic development is demanded or built, there have to be strong measures to ensure transparency and accountability.

On the global economic front, the time may be ripe for Western nations whose free-market economic models have taken root in developing countries to re-engage African leaders and agree on trade policies that fuel Africa's industrialization, enhance

fair and equitable gains from trade, and restructure conditions on credit facilities that do not perpetuate the perennial dependency on Western aid and benevolence. The African-Western relationship may currently be construed as being at its weakest point with the emergence of China in Africa, and China has incessantly shown that it is ready to pounce on any opportunity that would stoke African disaffection against Western powers and in turn endear African leaders to them and continue to expand Sino influence globally.

CONVENTIONAL STATE-OWNED ENTERPRISE (SOE) INEFFICIENCIES AND THE VIABILITY OF STATE CAPITALISM IN GHANA

2.1. Introduction

As colonization met its demise, the pursuit and embrace of government intervention policies by political leaders became pronounced among nations "that were neither part of the Western Bloc of advanced capitalist nations nor part of the socialist camp" (Sperber, 2019, p. 108). At the time of independence, specifically from the 1950s to the early 1960s, the economic situation in Africa was equivalent to other developing states like Taiwan and South Korea, but this was short-lived (Babatunde, 2012). According to Roemer (1996), it was scornful for Africa and other developing regions to have to sit aloof and witness East and Southeast Asia states defy the odds to turn their economies around when their endowments were analogous. Lagging in economic growth and its consequential decline in the standard of living, the neoliberal institutions set in to prescribe free market ideologies embedded in the Washington Consensus meant to liberate African economies and set them on the path of recovery through a rollback of the state in the economic domain. Many African countries transformed their economies from ones that were state-dominated to a free market system with privatization as a "flagship policy instrument". This was premised on the confidence in the potential of the free market to advance substantial economic stability and growth" (Nwankwo & Richards, 2001, p. 165).

Poor socio-economic conditions, often an outcome of neoliberal conditionality, caused a sizable level of critique not only in academia and policy circles but among the masses in Africa who had to suffer the brunt of harsh conditionality. Rodrik (2006) suggests that the Washington Consensus had become so unpopular to the extent that it may have been hard to find enthusiasts willing to back it as a developmental approach, and even Williamson, the originator of the term, may have been inclined to propound a model of the original Washington Consensus which could starkly contrast what the term stands for in contemporary times. Neoliberals had demeaned the capability and efficiency of governments' intervention in the economy, which right from the outset limited the scope of strategies that could have been deployed to cure such incapability and inefficiency of the state (Stiglitz, 2004). In recent years, several factors and events have caused a reevaluation of the state's role in the economy. Among them is the 2008 global financial crisis, which intensified discussions about components of the Washington Consensus, which had dominated policymaking in emerging markets for the previous two decades. These components included promoting the chasm between the state and businesses, discontinuing subsidies to state-owned enterprises (SOEs), and even full privatization (Richmond et al., 2019).

"The aftermath of the global financial crisis also placed a renewed emphasis on fiscal policy—including both public investment policy and identification of fiscal risks—in macroeconomic management. At the same time, China's rapid growth has suggested to some that a more state-centric model could deliver superior outcomes" (Ibid., p. 1). Given that the US-led capitalism no longer retains its luster (Birdsall & Fukuyama, 2011), questions and narratives abound as to the likelihood of a post-Washington

consensus model in the developing world and the situational challenges such replacement models are likely to encounter. This has led some scholars to narrow in on the China development model which defied the odds and assumed a well-structured epitome of a successful state-led approach to economic development (Horesh & Lim, 2017; So & Chu, 2012; Vermeiren & Dierckx, 2012). China's economic performance validated the model of state developmentalism and re-warranted strong state models voices which "had been subdued after the Asian crisis in their battles against proponents of (neo-)liberal approaches across Asia" (Paus et al., 2009; Stubbs, 2011 as cited in Breslin, 2011, p. 1327). China's development approach thus served as a perfect reminder of the existence of viable alternative models that do not toe the line of neoliberalism (Ibid.).

Against this backdrop, studies and governmental hearings have propelled a discourse about a potential struggle between the Western free-market model and China's SOE-dominated development model as well as questions bothering on the replicability of the latter in Africa and other developing regions (Weiwei, 2006; Ngomba, 2012; Li, 2015; Kinyondo, 2020; Zhongming et al., 2021; Senate Armed Services Committee, 2018). Given that the literature on SOE performance and efficiency has seen lesser contributions in recent years as compared to the 1990s (Richmond et al., 2019), this study would not only assess the viability of Chinese-inspired state capitalism in Ghana but would also offer fresh insights into the inefficiencies of SOEs. I use Ghana as a case study to answer the question: *What is the viability of state capitalism in developing countries like Ghana, which has recently embraced state-capitalist initiatives***,** led by a President expressly inspired by China's economic successes?

This paper is divided into four sections. The first section lays bare the theoretical

framework of SOE operational inefficiencies, followed by the methodology undergirding the paper. The second section surveys the cross-national failings of SOEs, relying on reports by the United States Department of State, International Monetary Fund (IMF), and World Bank staff, newspapers, and statements from government officials retrieved from the scholarly search engine, Nexis Uni. The purpose here is to evince the idea that some of the inefficiencies that sparked mass IMF-advised privatizations in Ghana and elsewhere have not been controlled to even warrant the discourse of a potential global displacement of the neoliberal model by China's SOE-dominated model. The section also aims to generate insights into the common contemporary failings around the world and lay bare their affinities with the Ghana case.

The third section employs a structured review of the relevant academic literature to evince China and Ghana's statist economic reforms from a comparative perspective. It proceeds by first highlighting China's early SOE reforms from 1978 that tackled property rights and the principal-agent problems, followed by Ghana's history of SOE operational inefficiencies from 1960 and subsequently dovetails into the new set of Ghana's SOE reforms that share semblance with China's early SOE reforms. The fourth section discusses Ghana's case in the context of the problems evinced by the theories explained in the first section, as well as the situational problems poised to hinder the long-term viability of Akuffo Addo's statist reforms.

2.2. Theoretical Framework of SOE Operational Inefficiencies

Many theories offer explanations for the diverse inefficiencies that often plague the operations of State-Owned Enterprises, but for this paper, I use three interweaving

theories: property rights theory, public choice theory, and principal-agent theory. These theories help define the roadmap of the research by concentrating on the inefficiencies in the past of which the theories offered succinct explanations, how those inefficiencies are still present around the world, and how the long-term viability of Ghana's attempt at state capitalism is greatly imperiled by the Ghanaian system's current inability to accommodate the efficient implementation of the reforms meant to solve the property rights and the principal-agent problems and replicate China's economic successes.

At the forefront of the theories is the concept of property rights theory. This theory espouses that State-Owned Enterprises are public goods which then makes them susceptible to many fallouts impinging on their performance and productivity. The fallouts are better illustrated by Jefferson's (1998 as cited in Lin et al., 2020) concepts of *excludability* and *non-diminishability*. The lack of clearly defined property rights leads to the *excludability* aspect of public goods. As public goods, SOEs allow unrestricted access by all individuals and entities. They are theoretically owned by the public, but this vague ownership leads to excessive consumption of their resources by various parties, including the state, managers, and workers. While the state gains profits from SOEs through exploitative taxes and other demands, managers take advantage of job-related benefits, and workers may not put in their full effort, which ultimately results in diminished overall performance. Also is the issue of *non-diminishability*. This suggests that excessive consumption by one individual does not significantly hinder others from benefiting from public goods. In simpler terms, even though the state, managers, and workers consume resources from SOEs, their actions are not restricted by others' consumption. As a result, productivity levels in SOEs are bound to drop. Further,

according to Bavon (1998), the inefficiencies in public agencies like SOEs arise because there is no clear ownership of any improvements in the value of output, and officials face neither incentives and rewards for utilizing resources efficiently nor penalties for their wasteful use.

The public choice theory proposes that individuals act out of self-interest, rationality, and the desire to maximize their own utility. This behavior not only applies to voters seeking to maximize their personal benefits but also extends to legislators and bureaucrats who pursue similar goals (Wright, 1993). In the context of SOEs, the theory tends to reinforce the property rights argument by directing attention to the inherent issues within the public sector and the motivations that influence bureaucratic conduct. It emphasizes that, unlike managers in private firms, bureaucrats do not face the pressures of competition, nor do they have the same motivation to reduce costs or enhance performance (Bavon, 1998).

The final theory is the principal-agent theory which centers on the problem of incentives arising from information asymmetry between the principal and the agent. When an agent, like a manager, agrees to work for a principal, be it a private or public owner, both parties are driven by the desire to maximize their own financial interests. Nonetheless, a major challenge faced by principals is their limited control over agents since the agents may not fully understand the principal's preferences. Even if the agent is cognizant of what the principal wants, there is still a chance that the agent may make decisions that do not align with the principal's wishes. This could happen either because the agent is pursuing their own interests or because they fail to consider how their choices might affect the principal. Inversely, the principal lacks complete visibility into the

agent's actions and lacks reliable methods to measure the consequences of the agent's choices, as they do not have comprehensive information about the agent's behavior. As a result, these issues can ultimately lead to decreased productivity and operational inefficiencies, "signaling the need to restructure the incentive system between principal and agent" (Bavon, 1998, p. 56).

2.3. Methodology

This paper adopts a qualitative approach based on secondary data sourced from the International Monetary Fund (IMF Country Reports, staff working papers) and the World Bank, the United States Department of State's 2020 Investment Climate Statements, and government reports retrieved from the scholarly search engine Nexis Uni. The paper narrowed in on these sources based on their best fit in providing diverse and verifiable data on the condition and operational status of SOEs globally. It also employs historical analysis to examine the episodic failings that characterized SOEs in Ghana from 1960. The utility of such a method is to help determine the past local inefficiencies of Ghana's SOEs and, coupled with the global ones unearthed through the other sources, would provide sufficient context and tools for assessing the viability of state capitalism in Ghana.

2.4. Survey of Contemporary Global Inefficiencies in State-Owned Enterprises Relative to Private Enterprises

Weak Performance, Debt Unsustainability, and More Fiscal Risks

State ownership of businesses tends to engender fiscal risks due to the government's implicit requirement to invest funds to absorb the losses incurred by the public

enterprises or risk undervaluation when divesting SOEs at prices lower than anticipated (Rigo et al., 2021). According to the authors, “there is often a general perception that the government will bail out distressed SOEs as the economic, political, and social impact of liquidation would be too large” (p. 33). While in some countries, the government’s buffer against SOE’s debt exposure has paid dividends in the form of high productivity and competitiveness in the market, the continuous weak performance and enormous fiscal risks posed by SOEs continue to be endemic, and without the continuous government support, those enterprises are bound to grind to a halt. In Pakistan, despite its critical role in the economy, many SOEs have recorded weak performance, with one-third of the SOEs continually churning out losses. Notable among them are Pakistan International Airlines, Pakistan Railways, and power sector distribution companies (Rigo et al., 2021). The same pattern holds for countries across the Middle East and North Africa (MENA) region, where the unprofitability and lossmaking patterns of SOEs have called for consistent fiscal support. “Their underperformance and inefficient use of resources directly impact public finances because of forgone revenues and fiscal costs needed to support continued operations, crowding out much-needed pro-growth and social spending” (Rigo et al., 2021, p. 27). In Jordan, the National Electric Company (NEPCO), had incurred losses equivalent to 16 percent of the country’s GDP by the end of 2019, surpassing the legal limit of 75 percent of the paid-in capital that triggers the liquidation of the respective company unless there is capital increase.

Richmond et al., (2019) offer a unique glimpse into the profitability and productivity stature of SOEs in Central, Eastern, and Southeastern Europe relative to their private counterparts. In this region, SOEs generated, “less revenue than their private

counterparts, incur heavier costs of production not least on wages, and as a consequence are significantly less profitable. These results hold not just on average for the region but in almost all individual countries and sectors as well" (p. 15). More specifically, in Latvia, their analysis showed that the level and extent of state ownership provide a clue about the level of productivity one can expect to see. It was found that SOEs that had the state as the majority shareholder recorded the lowest productivity levels relative to private enterprises. Similar findings went for firstly; Belarus, where SOEs trail private companies in terms of productivity and had more debts in their books in the face of substantial government support; Croatia, where SOE efficiency and performance were weaker than in private companies and thirdly; Poland, where the productivity level of foreign-controlled firms outdid domestic state-controlled firms in terms of productivity. In Ukraine, where SOEs perform a central role in the economy, it was recorded that 119 SOEs delayed submitting their 2021 financial plans for approval, while an even greater number of them (138) failed to submit financial plans for 2022 (SeeNews, 2022).

In the sub of the Sahara, South Africa, Africa's largest economy, despite its high level of state capacity, has not only witnessed some of its biggest SOEs consistently unable to measure up to their mandates as a result of underperformance but also need frequent bailouts from the state and in some instances having to recapitalize (Research and Markets, 2023). "The spectacular failure of some key SOEs in South Africa has become grist to the mill of free marketeers who espouse privatization. The neoliberal ideologues want the withdrawal of the state from key sectors of the economy and the surrender of state ownership and control of SOEs to the private sector" (Insider Sunday, 2023). The perennial reliance on fiscal support also runs prevalent in Zimbabwe, where

according to Minister Mthuli Ncube, state-owned enterprises pose considerable financial risks as several of them are experiencing financial constraints, with ongoing losses and negative equity, and their infrastructure requiring urgent upgrades. Some of the struggling state-owned entities mentioned include Zesa, the National Railways of Zimbabwe, TelOne, and the Zimbabwe National Road Administration (Zinara) (The Chronicle, 2021). Also in Cabo Verde, the substantial debt burden carried by the state-owned enterprise (SOE) sector has emerged as a notable contributor to fiscal vulnerability in the country (TendersInfo, 2021).

Mozambican SOEs have been shown to be unsustainable given their accumulated debt, with some companies effectively insolvent and many more dependent on interventions and support from the government. The Centre for Public Integrity (CIP) examined the public accounts of eight companies, which collectively constitute more than 90 percent of ESS in Mozambique. Their analysis revealed that the major contributors to the sector's declining performance are Mozambique Airlines (LAM) and telecommunications company Tmcel, both categorized as technically insolvent. Additionally, Aeroportos de Moçambique (AdM), Petromoc (oil company), Electricity of Mozambique (EDM), and the National Hydrocarbons Company (ENH) were identified as significant factors in the sector's deterioration (CE NFE, 2022). Botswana, one of the African countries with a significant SOE footprint on its economy, has also witnessed constant SOE underperformance and dependence on subvention, which necessitated a prior government commitment to spearhead a far-reaching privatization agenda (Sunday Standard, 2023). As a case in point, "over a ten-year period while BPC (Botswana Power Cooperation) managed to increase its customer base by almost 100%, the volume of

electricity produced to be sold remained almost the same - increasing by only 8% over 10 years. However, BPC costs and income increased by more than 100%, which meant that unit production costs increased from P0.7 per KWh to P1.4 per KWh" (The Botswana Gazette, 2023). Regular losses, fiscal risks, and gross inefficiencies posed by SOEs are also widespread and prevalent in Argentina (CE, 2022), Sri Lanka (DFT, 2022), Turkey (Yerepouni, 2021), Tajikistan (Tajikistan Newsline, 2021) and Nepal (Kantipur, 2022).

2.4.1 Overlapping Supervisory Structure, Meritless Appointments, and Corruption

Problems associated with the source or foci of authority and decision-making are woven into the fabric of many SOEs operations with the conflicting roles of sector ministers, managers, and boards of directors. In Sudan, according to Rigo et al., (2021), authority is diluted given that as the power for broad supervision of SOEs operations is entrusted to the Ministry of Finance and Economic Planning (MoFEP), "other line ministries are delegated oversight power either by a sectoral law or other regulations" (p. 59). Ministries, therefore, exploit such opportunities to establish new SOEs that circumvent MoFEP oversight, which not only obstructs sound and effective fiscal policymaking but constrains the MoFEP from having a full picture of the sector's fiscal risk to ultimately recommend appropriate policy remedies and responses (Ibid.).

There are also competing and conflicting lines of authority in Algeria's SOEs space as, according to insider reports, mid-and upper-level managers hesitate "to make decisions because internal accusations of favoritism or corruption are often used to settle political and personal scores" (USDS, 2020). A similar issue befalls Pakistan, where the current ownership structure of their SOEs is fragmented, resulting in unclear

responsibilities between sectoral ministries and regulatory bodies across different sectors and consequentially leaving the Ministry of Finance with a limited role. As of 2019, a World Bank report indicated that the legal framework governing the operations of SOEs in Botswana is fragmented, with several laws containing provisions that render the roles of personnel conflictual, which in turn undermines accountability, compliance, and the viability of the SOEs (Sunday Standard, 2022).

Maintaining the efficient running of state firms to reap economic and social benefits is undoubtedly a sacred duty of the state, but attending to this duty in developing countries is often characterized by the appointment of individuals, who may be solely drawn from the ruling party rather than an open meritocratic method, and this puts appointees in a situation where loyalty to party trumps over that to the company and the country. In places like Sri Lanka, SOEs "became employment bases for political stooges, and recruitment of unqualified employees/managers to these organizations over and above carder requirements was considered a political right of politicians. A move claimed by the Government to solve unemployment" (DFT, 2022). Moreover, in South Africa, not only is there wasteful spending and a lack of accountability in the management of state firms but "political appointments of boards and senior management, outside internationally-accepted corporate governance rules, have severely impacted procurement practices and company performance" (Research and Markets, 2023). Over the past 15 years, 14 Pacific developing member countries of the Asian Development Bank (ADB) have made significant progress in backing SOE commercial activities. However, finding a balance between SOEs' commercial objectives and the political interests of their shareholders poses an ongoing challenge. This is particularly noticeable in the process of

choosing directors of State-Owned Enterprises (SOEs), where government shareholders have often aimed to their influence by nominating board members for political reasons, rather than selecting the most qualified candidate for the role (Darcy, 2022).

Corrupt practices, to some extent, gave economic rationality and justification for the pivotal neoliberal privatization policy that swept across the developing world and gave impetus to the neoliberal policy of attaching good governance (transparency and accountability) conditionality to the IMF credit facilities. Contemporarily, reports about corrupt practices in SOEs across countries are not uncommon as SOEs continue to be breeding grounds for financial malfeasance. In countries where the rule of law dictates the pace and method of prosecution, subjecting corrupt officials to the law and delivering justice to deter continuous rot in state firms becomes a challenge, especially when managers and board members of these enterprises are card-bearing members of ruling parties. Cases have been recorded where perpetrators of rot in SOEs get off scot-free. In Angola,

> *"Active and passive bribery, illicit enrichment, and conflict of interest are criminalized by the Probity Law, but offenses are rarely prosecuted. Angolan SOEs have been used in the past to extend favors and lucrative contracts to party loyalists. The early 2020 'Luanda papers' leaks by the international consortium of investigative journalists showed the extent of the misuse of state assets for personal gain by the Angolan elite—and in particular, Isabel dos Santos and her entourage." (World Bank, 2020).*

2.5. Ghana and China in Comparative Perspective

> *China's Approach to Solving the Property Rights and the Principal-Agent Problems Through Reforms*

The Chinese method and strategy of remedying the long-standing SOE operational inefficiencies started as a pilot program spanning from 1978 to 1984 when in the government's bid to whip up enthusiasm for production in the SOEs, it expanded SOEs' decision-making rights in its operations. A series of actions embodied this intention of the government, including the local government of the Sichuan Province having chosen "six SOEs to conduct an experiment to increase their autonomy, letting them keep part of their profits and giving workers bonuses if they achieved their annual production goals" (Lin et al., 2020, p. 37) and allowing SOEs to pay 55% taxes on profits and retain the rest of the profit as opposed to transferring all to the government. During this phase of the reform, the government began acknowledging state-owned enterprises (SOEs) as separate entities. With increasing centralization of power, the managers of these SOEs assumed greater responsibility for their outcomes, becoming the main beneficiaries of their success. This change significantly boosted their motivation to enhance production and somewhat alleviated the issue of agency conflict. The eventual outcome of these changes was the publication of the "Interim Ordinances on State-Operated Enterprises by the State Council in April 1983," which granted legal personhood to SOEs for the first time and conferred the companies with the authority for autonomous production and operations (Ibid., p. 37).

The 1980s reforms in the SOE space introduced several incentive structures that prompted SOE managers to tread a corporate mentality line as opposed to the traditional command-driven relationship between them and the government. Furthermore, unlike previously when individual demographics like education, gender, tenure, and job title determined the wage structure of managers and employees, the reforms basically tied

incentives to efficiency and profitability in 1984 (Bai & Xu, 2005). This was followed by the introduction of the Contract Responsibility System in 1986 where the government entered a contract with SOEs and gave the legal right to managers to run the enterprise with some degree of discretion for a mutually accepted duration spanning from one to eight years (Ibid.) "Typically, a contract specified performance targets, the price at which the enterprise was to sell products to the state, the managerial compensation, and some incentives for workers…many managers who signed the contracts were required to post security deposits, hereafter referred to as performance bond that could be forfeited if performance targets were not achieved or if the manager's performance was judged to be unsatisfactory" (Ibid., p. 526). The 1980s reforms explicitly linked the pay of SOE managers to the performance of the firms entrusted to them, with scholars like Mengistae & Xu, (2004) as cited in Bai & Xu, (2005) finding that the compensation of CEOs of Chinese state-owned enterprises showed a clear and meaningful correlation with profitability.

Touted as the brain behind China's economic reform, Deng Xiaoping introduced a wave of initiatives, including the corporatization of SOEs, the establishment of the Shenzhen and Shanghai Stock Exchanges, which essentially created the avenue for "listing and financing SOEs in the capital market" and currently, over thousands of state entities are listed on both stock markets (Ibid., p. 38). In 1997, amid a sizable number (39%) of SOEs having recorded losses and lingering evidence of redundancies, the government took an unusual but essential step to eliminate redundancies by laying off 21 million workers throughout the PRC, which expectedly nibbed the employee redundancy problem in the bud and improved the overall operational efficiency of the respective

SOEs. In 2000, following the three-year objective of SOE reform, the measure generated RMB230 billion in profits, according to the government, a feat largely impactful on the national economy.

The fourth stage of the SOE reforms spanning 2003 to 2012, instituted the State-Owned Assets Supervision and Administration Commission (SASAC) to act as the shareholder of the larger and critical SOEs on behalf of the state. A key component of SASAC's new initiatives was to reform the boards of central SOEs in 2003 to raise the number of external directors and broaden their monitoring role in the corporate operations of SOEs. Prior to this, "the board of directors of central SOEs overlapped with their top management, which weakened its role in monitoring and advising the management team. The board reform required all central SOEs' parent companies to hire outside directors to serve on corporate boards" (Ibid., p. 39), evaluate the credentials of SOE managers, and be involved in decision-making on investment, funding, and strategy. "By the end of 2018, 90% of the central SOEs had completed or were in the process of completing this board reform" (Ibid., p. 39). The fifth stage of the Chinese SOE reform from 2012 till the present touched on priorities and concentration of funds. Premised on the "1 + N" policy system, SOEs were categorized into public and commercial enterprises which gave the government the liberty to strategically pump resources into public service SOEs and cut down its support to commercial SOEs while authorizing the latter to compete in the market with private sector players (Ibid.).

In contemporary times, the Chinese SOE incentive structure is still largely premised on public productivity and performance measures which determine the rewards an SOE official can accrue during their tenure or appointment and the prospects of rising

within the Chinese Communist Party. A metric system was developed to evaluate the performance of SOE managers and officials has been one of the key elements of Chinese SOEs especially when the CCP sees SOEs as a major driver of economic and social stability. According to Du et al., (2012) as cited by Xin et al., (2019), in the fourth quarter of each year, the SASAC collaborates with subordinate State-Owned Enterprises (SOEs) to establish targets for the upcoming year. As a typical process, SOEs initially suggest their own performance targets, followed by joint discussions and negotiations to arrive at a definitive performance goal, and each April, the Chief Financial Officer (CFO) of every SOE compile pertinent statements regarding the achievement of operational benchmarks. These statements are based on a reviewed financial report from the prior year, and they are compared against the previously agreed-upon performance targets. Subsequently, these documents are submitted to the State-owned Assets Supervision and Administration Commission (SASAC) for assessment and evaluation. Using the performance reports provided by the SOEs, the SASAC calculates performance scores, which are then subject to independent adjustments based on individual SOE circumstances. Ultimately, the SASAC assigns SOEs a five-level rating (A-E) grounded in their final performance scores and corresponding score ranges. Generally, SOE managers at or above level C are deemed capable, while those at levels D and E indicate managerial incompetence (Ibid.).

The Ghanaian Dimension: Historical SOE Operational Inefficiencies and New Reforms By the Akuffo-Addo Administration

Under Nkrumah, SOEs were dispersed across Ghana and strategically situated based on proximity to raw materials, labor, and other considerations deemed essential for the efficient running of the enterprises. SOEs became very critical to post-colonial

political struggle as they were used as instruments by political parties to consolidate political power and expand their control over economic resources, especially in the face of well-resourced opposition entities and groups. Nkrumah's approach to the SOE was not an exception, as the Convention People's Party employed SOEs to challenge "the power and resources of the older, more established alliance of conservative, commercial and traditional elite interests grouped around the UGCC party" (Wilson, 1984, p. 18). As the SOE sector was being politically instrumentalized, episodes of underperformance became endemic in Ghana, and an evaluation of the PE (Public Enterprise) sector during that time revealed that these enterprises were not profitable as compared to Public Enterprises in other developing nations or private businesses in Ghana, even though they had monopolistic advantages (Bavon, 1998). According to Gillis (1980), in Ghana under Nkrumah and Tanzania under Nyerere, not only did the state-enterprise sectors fail to generate surplus for reinvestment into other sectors of the economy, but they continuously incurred deficits that ultimately had to be financed from revenues from the government treasury. "At times even single enterprises have accumulated losses and external debt obligations of such a size as to cripple developmental efforts across all fields of government activity" (p. 270).

Several studies offered insights into the failings of SOEs in successive Ghanaian administrations after Nkrumah, even in administrations that had turned a blind eye to a full-fledged statist mode of running the Ghanaian economy. From 1966-1969 under the military junta led by the National Liberal Council, a small number of four (4) SOEs were privatized out of a total of twenty SOEs that were earmarked for sale and divestiture. According to Akuoko-Frimpong (1990), these were relatively small businesses, including

laundry, furniture, bakery, and tire services. However, due to significant public opposition and outcry, what seemed to be Ghana's initial significant effort to rebalance the public and private sectors of the economy had to be abruptly stopped. But the fact that the government was able to privatize some businesses was in and of itself a testament to Ghana as one of the first few developing countries to spearhead the drive towards privatization well before the concept and ideology of privatization became a widely-recognized approach to foster economic growth and development (Ibid.).

Regarding the economic efficiency of public enterprises, particularly state-owned manufacturing enterprises, compared to private ones, a study examining industrial labor productivity in the 1960s revealed that state-owned enterprises consistently exhibited lower productivity levels. Notably, during the years 1969-1970, labor productivity in public enterprises not only lagged that of private enterprises but also fell even further below the productivity levels observed in joint state-private enterprises. The financial performance of state-owned enterprises (SOEs) from 1979-1983 had been extremely poor. In fact, around 43 percent of the SOEs in the economy operated at a net loss each year within this period. It has been found that the overall profit margin for all state-owned enterprises was negative, ranging from -1.2 percent in 1980 to -49 percent in 1982. One major concern regarding their performance was their solvency and liquidity. Despite significant adjustments, some SOEs still had insufficient assets to cover their liabilities, rendering them essentially bankrupt.

During the administration of the Provisional National Defense Council (PNDC) from 1981-1990, the country’s depleting financial resources hindered the administration’s ability to invest in state companies. In 1983, the government under the PNDC regime had

a majority holding of 181 parastatals. Public enterprise reform and divestiture were mainly riddled with poor performance, overstaffing, and “large deficits. Their total operating deficit in 1982 amounted to over 3 percent of gross domestic product (GDP), which was not much less than total government spending on education, health, social security, and welfare in that year.” (Tangri, 1991, p. 524). Like other countries in the region, the state-owned sector had been a major drain on the government’s dwindling revenue accumulation as it required indirect support on loan arrears and taxes.

The government was also cognizant of the fact that if it held on to a large portfolio of public enterprises, coughing out money to recapitalize and restore them into viable companies could be a challenge, especially in the face of macro-economic reform recommendations from development partners and pressing demands on the fiscus like the provision of education, roads, electricity, water, and health facilities. The financial conditions of some SOEs had deteriorated significantly, and their facilities and equipment have become outdated to the extent that complete replacement was inevitable. Consequently, the government believed that holding onto these enterprises solely for sentimental reasons would not benefit the State, the enterprises themselves, or the workers (Akuoko-Frimpong, 1990). To Ayee (1989), a significant reason for the privatization drive under the PNDC government was the rising cost of subvention needed to keep the SOEs running. “Government subventions to the enterprises moved from 1.1 billion cedis in 1982 (10 percent of government expenditure) to 7.35 billion cedis in 1986 (8 percent of government expenditure). In addition, outstanding government loans to enterprises increased from 500 million cedis in 1980 to 1.9 billion in 1985. Virtually no interest or principal repayment was made on these loans. A cross-debt study of some 18

state enterprises undertaken in 1987 had revealed that by June 30th, 1986, the 18 enterprises were indebted to the government to the tune of 400 million cedis, while between themselves 5.2 billion cedis were owed" (Ayee, 1989, p. 123). An additional challenge resulted from the collective bargaining agreements made in the 1970s concerning employee benefits, termination clauses, and pensions. In 1988, the total deficit from these agreements was approximated to be more than one hundred billion cedis, an amount nearly equal to Ghana's annual revenue collection. "At times, suggestions have been made whereby government shares in public companies would be sold to workers in exchange for payment of end-of-service benefits" (Tangri, 1991, p. 532).

It was also noted that the underperformance of management was influenced by the absence of clear goals and performance benchmarks. The specific responsibilities of managers and supervising ministries were frequently ill-defined, and as a result, managers could not be held accountable for an enterprise's outcomes, leading them to often attribute poor results to external limitations, such as a lack of foreign exchange or interference emanating from the sector ministries (Akuoko-Frimpong, 1990). Political interferences in the operation of SOEs tended to hinder the growth and expansion (Christensen, 1998). By the late 1980s, it became evident that using PEs as a means to stimulate economic growth had proven unsuccessful (Bavon, 1998). Tsamenyi (1999), upon examining the performance of three large-scale SOEs in Ghana, found that the persistent poor performance at the public enterprises was attributable to the mode of decision-making on the operations of the enterprise. While, in theory, a government-established agency was mandated to oversee the operations and performance of the

enterprises, major corporate and investment decisions were made by Ghana's Ministry of Finance and the Board of Directors of the SOEs.

Transitioning from a military to a civilian regime, the NDC administration became unrelenting in purging some of the failings associated with SOEs to advance a free-market system backed by the IMF and the World Bank. Not only was the underperformance prevalent in the remaining SOEs, which had escaped privatization, but corruption among the top echelons of the companies also became rife to the extent that in 1998, the government "ordered an immediate closure of the State Construction Company, dissolved Management and Board of Directors of the State Housing Company" on the back of official statements that indicated coordinated embezzlement of public funds by four senior of officials affiliated with the State Construction Company (Africanews, 1998). The economic model during the Rawlings administration (1981-2000) and Kufuor administration (2001 – 2009) was largely free-market oriented to the extent that Ghana earned the accolade as the poster child of liberalism in Africa (Langan, 2021).

Unlike the Chinese system where the contractual arrangement between the government and managers is premised on performance and even required managers to post security deposits, Larbi (2001) evinced the Ghanaian case which although shared some characteristics with the Chinese system, starkly contrasted it in many areas. In Ghana, bonus disbursements were sanctioned once the Security and Exchanges Commission (SEC) had evaluated audited financial statements, ensuring their alignment with reported outcomes, and verifying that the payouts would not jeopardize the company's financial stability. It was also found that "payment of bonuses tends to be a reward for effort rather than for actual improvement in financial performance (Ibid., p.

313), a system that largely contrasted the Chinese performance-based way of bonus disbursements in public enterprises.

Other significant institutional limitations associated with the Ghanaian SOE space involved the difficulty posed by information asymmetry and numerous governing entities (multiple principals). According to Larbi (2001), the challenge of information asymmetry between the SEC, acting as the principal supervisory entity, and the SOEs, functioning as the agents had been intensified due to the absence of direct and immediate access to performance metrics. In terms of data regarding efficiency and productivity, the SEC relied entirely on what was furnished by the SOEs without mechanisms to verify reliability and accuracy. Given this complete reliance on SOEs for performance data, these public enterprises possessed the upper hand in negotiating less stringent targets. The case of Ghana Water and Sewage Corporation (GWSC) evinced by Larbi (2001) is illustrative of the challenge of multiple principals that plagued performance and efficiency in the Ghanaian SOE space.

The legal framework that underpinned the running of the company was embedded in multiple streams of command and supervision. While in principle, the Ghana government was the sole principal empowered to regulate water pricing and tariffs, the Public Utilities Regulatory Commission (PURC) happened to oversee and control the approval of tariff adjustments. Further, international agencies like the World Bank also came into the picture by exerting influence on SOE operations mainly through conditions attached to loans extended to the sector. Therefore, the inquiry arose: who truly held the position of principal to whom the GWSC management was answerable? The undesirable outcome of this mix of principals was not only the exhaustive process of preparing

reports to satisfy diverse principals but also the uncertainty as to which entity is responsible for cracking the whip on agents when there is poor performance (Ibid.).

2.5.3. A New Dawn of SOEs in Ghana[5]

In contemporary economic circles, the approach by Nana Addo-Dankwa Akufo-Addo (Ghana's fifth president under the Fourth Republic) toward State-Owned Enterprises differs significantly from that of his predecessors. In 2021, exactly a year after his reelection, his administration completed an unprecedented hundred percent acquisition of AirtelTigo, a once privately-owned mobile telecommunications company in Ghana. The government has also entered a joint venture with Zotus Group and Ashanti Airlines to launch a new national airline slated to begin operations in 2023 (Mwangi, 2023).

The government has reinvigorated and reformed the surviving SOEs, which did not suffer the brunt of the rampant privatization by previous administrations under the Fourth Republic. At present, the Ghanaian government has a stake in approximately 143 entities, which include 46 enterprises that are fully owned by the state, 38 joint ventures, 47 regulatory bodies, and 12 development partners (Ahlijah et al. n.d.; SIGA 2019). A few of these entities are the National Food Buffer Stock Company, Ghana National Petroleum Company, Ghana Airports Company Limited, and Ghana Grid Company (GRIDCo), among others. The President's unprecedented approach to SOEs not only has legal backing in the form of promulgation of new laws, but his rhetoric does confirm a posture towards restructuring and strengthening SOEs. In his keynote address at the

[5] (Ahlijah et al., n.d.),

maiden State Interest and Governance Authority (SIGA) annual stakeholder meeting of Chairpersons of Boards and Chief Executives of SOEs in 2023, the president remarked that:

> *"Your call to this service was based on the belief in your capabilities to help develop our nation and your task is simple, be efficient and profitable where applicable and contribute significantly to the growth of the economy…Excuses for non-performance will no longer be tolerated... Steer the ship as an able captain or be kicked out. You have the responsibility to steer your individual entities toward economic development by encouraging innovation and growth. We have to sail together or sink together, and I have no doubt about your expertise and commitment. We admonish underperforming entities, especially the bottom five to sit up." (Appiah-Dolphyne, 2023).*

The Akuffo administration has made critical reforms to Ghana's SOE operations centered on accountability, efficiency, and meritocracy. Among the key reforms are first, converting the 1987 State Enterprises Commission (SEC) Law (PNDCL 170) to a State Interest and Governance Authority, 2019 (Act 990), which gives this agency a "new power and mandate to acquire, receive, hold, and administer or dispose of shares of the State in SOEs" (Ibid.). This was meant to correct poor supervision of SOE and incoherent joint venture arrangements that had plagued the old SOE structure. Secondly, unlike the single source (Consolidated Fund) funding that characterized the old SOE structure, this new 2019 act modified and expanded SOE funding sources to include funds approved by parliament, grants and loans, Internally Generated Funds (IGFs), and fees levied against entities or individuals who violate certain provisions of the SIGA Act.

Thirdly, the new act legally authorizes the collaboration between the government and private organizations in joint ventures. In terms of the appointment of individuals who manage these SOEs, the new act unprecedentedly introduces term limits for board members. The tenure of each board member of the authority has been reduced to 4 years,

and they are now limited to serving a maximum of two terms. This is a change from the previous structure, which allowed for a tenure of 5 years with no term limits. Fourthly, the act also introduces an element of meritocracy as it now requires candidates who wish to serve on the board to have specific educational and professional qualifications. Lastly, conflict of interest issues prevalent in SOEs is also checked by the new act, which necessitates that members of the board who have a vested interest in a matter being discussed by the Authority reveal this interest in writing and abstain from decision-making on the said matter in question. All in all, SIGA guidelines and their punitive measures or sanctions "is to prevent the *business-as-usual* approach that entities and individuals have accorded to state-owned enterprises in the past" (Ibid.).

The SIGA reforms also introduce a performance contract system reminiscent of China's "contract responsibility system" implemented between 1984-1992 as evinced by Lin et al., (2020). According to the 2020 SOE report authored by Ghana's Ministry of Finance,

> *"In line with the reform agenda, SIGA is strengthening its Performance Management and Contracting Systems. The Process commences with Negotiations where the Specified Entities and SIGA engage in detailed review of Specified Entities operations and agree on targets for the year, with the State's interest being primal. The number of Entities in participating in the Performance Contracting Process has increased over the past years– sixty-three (63) SOEs in 2020, forty-seven (47) SOEs in 2019, thirty-five (35) SOEs and five (5) subvented agencies for 2018 and twenty-five (25) SOEs and five (5) subvented Agencies in 2017. This represents a 34.3% increase over the year 2019. SIGA's objective is to have all State Entities participating in accordance with the provisions in the Public Financial Management Act, 2016 (Act 921), Public Financial Management Regulations, 2019 (L.I. 2378) and SIGA Act, 2019 (Act 990). As part of the process to further strengthen the Performance Management Systems, SIGA is developing a framework to effectively monitor the performance dimension of*

the Entities under the Annual Performance Contract Framework." (MOF, 2020a, p. xiv)

In emulating[6] China's performance-based incentive structure, the old days of demographic-based compensation and incentive structure in Ghana's SOEs have been revised through SIGA's Performance Management System. The new goal seeks to deepen the culture of high performance through performance-based incentives. This system intends to link the compensation packages for Boards and Executive Management with the yearly performance of their corresponding entities. Furthermore, the results of the performance assessments for these specific entities will be openly presented in a league table, aiming to highlight high-performing entities and encourage those with low performance to improve (MOF, 2020a, p. xiv).

2.6. Discussion

Like the SOE weak performance and operational inefficiencies that run rampant across many countries, Ghana's SOE sector has been historically riddled with the same defects which the property rights theory succinctly explains. The unclear ownership structure of the SOEs unlike the Chinese system has left much to be desired. The fallouts of this vague ownership and weak managerial autonomy are evidenced in regimes from Kwame Nkrumah to Jerry John Rawlings who set the pace for structurally changing the nature of the Ghanaian economy to a free-market system after past intermittent experiments. On a theoretical level, state enterprises are overseen by autonomous

[6] Whether deliberate or inadvertently.

management teams, yet government intervention persists. In operational endeavors, managerial independence is quite limited. Key positions have been held by civil servants who are directly subject to government authority (Agarwal, n.d.). Although Ghana's SOEs served as viable economic and social institutions meant to solve employment and propel the engine of growth by leaders such as Nkrumah, it nevertheless served as an instrument to consolidate political power and expand his party's control over resources, especially in the face of well-resourced opposition entities and groups. According to Wilson (1984), the Convention People's Party employed SOEs to challenge "the power and resources of the older, more established alliance of conservative, commercial and traditional elite interests grouped around the UGCC party" (Wilson, 1984, p. 18).

In the face of weak accountability and meritocratic systems that still pervade Ghana in contemporary times, especially in the public sector, manning state enterprises tends to come as personal trophies for the ruling party members and financiers who do not have the right competence to steer a public enterprise into high performance and productivity. According to Torkornoo (2022), Ghana's State Owned Enterprises and their objectives are widely recognized as thinly disguised mechanisms for gratifying politically influential figures, channeling resources into personal gains, and depleting national assets, frequently through questionable procurement agreements. As officials face neither incentives and rewards for utilizing resources efficiently nor penalties for their wasteful use, an outcome succinctly explained by property rights theory, they tend to steer towards the use of resources in which they stand a chance to gain financially at the expense of their firm. In a country where the remuneration and incentive structure was not tied to performance, Ghana's Ministry of Finance's revelation that SOEs were inflicting

substantial financial deficits to the nation, amounting to approximately GHC6 billion (Ghanaweb, 2022) comes as no surprise. Financial irregularities continue to plague the SOE space even amid the promulgation of the State Interest and Governance Authority (SIGA law).

Recently "the governing council of the Institute of Directors Ghana (IoD-Gh) has described as scary the yearly irregularities recorded by state-owned institutions. The 2022 Auditor General Report uncovered total irregularities of ¢15.059 billion among Public Boards, Corporations, and other Statutory Institutions. The discovery included $1.477 billion converted into Ghana cedis at the prevailing exchange rate of ¢8.5760 to US$1 as of December 31, 2022, and £61,748 converted into Ghana cedis at the prevailing exchange rate of ¢10.3118 to £1 as of December 31, 2022" (myjoyonline, 2023). This according to the President of the governing council of the Institute of Directors Ghana, was a product of inadequate oversight responsibilities and the absence or frailty of internal controls (Ibid.).

In a scenario where a manager of a state-owned enterprise (SOE) is evaluated and found to be underperforming, receiving the worst possible rating, the outcomes of such a situation may follow divergent trajectories or vary significantly depending on the country in which the SOE operates. In China, for the fact that the literature does espouse the pivotal role that SOEs play in the nation's economy, representing major sectors such as finance, energy, banking, and telecommunications, strict and immediate outcomes may be anticipated or sparked by an underperforming manager. Among these is the possibility of immediate government intervention. Chinese authorities are largely inclined to take a proactive measure in addressing the underperformance and even proceed to initiate an

expansive internal investigation, conduct a thorough review of the SOE's operations, and make more meritocratic management changes if need be. Secondly, in case of persistent underperformance, the manager may be removed from their position and possibly reassigned to a different role within the SOE sector. There is also the likelihood of triggering much broader reforms if the underperformance or operational inefficacies become increasingly persistent. The strength of the economy may also make available to the government a significant amount of discretionary funds to infuse into the failing SOEs, introduce or realign SOE spending policies, or merge the SOE with another entity to optimize its performance. In the end, the incident would signal to the entire SOE sectoral and sub-sectoral management body that the government would not compromise on accountability, transparency, efficiency, and prompt disciplinary measures for underperformance.

Ghana's case, based on the literature, may present a different set of outcomes. First, in Ghana, the government's role in SOEs is less direct as compared to China. SOEs in Ghana may operate with more control and autonomy and government intervention in the case of underperformance or operational inefficiency might be less immediate. In the event of consistent operational failure or inefficiencies, the new SOE reforms put in place by the government may engender consequences for the underperforming manager which might involve internal measures such as warnings, reassignment, or potential dismissal, even in the face of proven political loyalty to the ruling government. If the Ghanaian SOE operates in a competitive market, continued underperformance by a manager could result in financial losses, reduced market share, or even enterprise closure. The extent of the impact on the enterprise would depend on the specific industry and market conditions.

Conversely, if the new reforms are not followed through in Ghana, underperforming managers would be confident of maintaining their "party-protected" jobs and tenure of office and would not fear any significant rebuke or far-reaching disciplinary actions. In this Ghana-China scenario, the key difference thus lies in the level of government intervention and the commitment of the administrations in prioritizing efficiency and performance over partisan loyalty and considerations. In a country aiming to replicate China's successes with SOEs as major drivers, the revenue losses, and inability to reach targets render such an agenda a long shot if the perennial problems that plague the SOE sector in Ghana are to prevail in the long term.

2.6.1. Prospects of the State Interest and Governance Authority (SIGA) Act

Although the SIGA act has significant doses of accountability, transparency, and efficiency mechanisms coupled with the unprecedented yearly publication of SOE profitability (MOF, 2020b), the overall accountability and transparency posture of the Akuffo Addo government has not lived up to expectations which makes it doubtful whether the act would achieve its desired effect in the long term. That notwithstanding, the legal authorization for the SOEs to veer into joint ventures with the private sector may go a long way toward injecting a competitive attitude into the SOE space if the agents share the President's vision and are willing to follow through. The state of Ghana's SOE also calls for assessing the potential to list a portion of performing and non-performing SOEs on the stock market. Listing SOE shares on the stock market would enable the Ghana government to raise significant capital which can in turn be used for financing new projects, paying off debts, and investing in research and development.

Private participation may also infuse a good amount of transparency into the enterprises since going public and adhering to stock market regulations demand a greater level of financial transparency and open disclosures of the companies' financial standing. This would go a long way in curbing the corruption, and financial malfeasance that often affect SOE operations in Ghana. Ultimately the diversity of ownership would in no uncertain times reduce the single influence and power of the government and ensure efficiency.

Not only has the current administration shown in both policy and rhetoric that it is willing to take unprecedented steps to revive SOEs to propel development, but it has also not shied away from recapitalizing through private-sector participation. For instance, following a market readiness assessment, ten Ghanaian state-owned enterprises have been scheduled to be listed on the Ghana Stock Exchange (GSE) under the auspices of the State Interest and Governance Authority (SIGA) and the Ministry of Public Enterprises. This initiative was perceived as a strategy to inject fresh capital into these state-owned firms and transform them into instruments for fostering economic growth in the country (TheExchange, 2023). As the private sector has proven repeatedly to ensure more efficiency, performance, and growth prospects relative to the private sector, this measure can be seen as a good step towards reviving struggling SOEs and ensuring the long-term survival of the government's state capitalist policies and orientation. The key strategy here is for the government to maintain a controlling stake in the enterprises so as to steer conditions and profits for public benefit should tight market conditions discourage the social provisions that SOEs are meant to provide. Furthermore, the recapitalization measure bears semblance to China's early economic reforms as it floated

shares of SOEs for private sector participation but with the government still maintaining a sizable controlling position in the enterprises.

2.6.2. Divergent Political Systems and Risk of Model Discontinuation Inherent in Winner-Takes-All Politics

Although the success of China's state capitalist economy is a product of programmatic learning and improvement captured in what is called "crossing the river by feeling the stones", it is an established fact that the CCP's grip on power has been instrumental in following through their reforms and development agenda (Jinglian & Shitao, 2014; Li, 2016; Zhang et al., 2016; Keo, 2020). The authoritarian political system tends to cushion it from regime-ending political fallouts that are likely to erupt upon the promulgation of unpopular measures like mass layoffs and restructuring meant to increase the profitability and long-term sustainability of the enterprises. In China, the failure of SOE officials to comply with SASAC guidelines that may result in loss of state assets such as investing in overpriced overseas projects comes with serious punitive actions and as recent as 2022, while Xi's anti-corruption drive is still being propelled, there has been a noticeable shift from corruption to poor performance on the part of the Communist Party's top watchdog (Zheng, 2022). The fear of losing party support for going after corruption and poor performance is relatively less under Xi's China than in many developing democracies like Ghana where leaders, cautious about political fallouts from anti-corruption campaigns are extra calculative in taking such a risk. The Chinese political system puts it on a high pedestal for achieving and maintaining high performance in SOEs, ensuring continuity of reforms, and altogether easing the difficulties presented by the principal-agent dynamic.

In developing democracies like Ghana, not only are leaders selective in whom they go after for causing financial losses to the state and for underperformance in the public sector, but the "Winner-Takes-All" politics characterizes regular transitions of power which ultimately undermine the continuity of long-term developmental plans (Gyampo, 2016). Ghana indeed has a National Development Planning Commission, but the highly-partisan appointments made by the president to the Commission often reinforce marginalization and weaken the endorsement of development agendas in the eyes of future administrations (Ibid.). Ghana's 2024 electioneering campaign is in full swing and already, leaders of the opposition who are doubting the existence of the government's flagship policy projects are proposing plans to revise them when voted into power. This would continue a cycle under Ghana's democratic regime, where a change of government often means the overhaul or abandonment of the previous administration's capital projects and at times adopting a whole different approach to running the economy. This has historical precedence in Ghana where there has been a considerable number of economic model alternations that come with regime change. Regardless of the success of Akuffo's reinvigoration of the public sector, if successive governments are disenchanted with his overall statist approach to the economy, they may likely roll them back to satisfy their ideological inclinations, private sector influencers, or pressure from international allies.

2. 7. Conclusion

This paper contributes not only to the existing knowledge of China's economic turnaround and how developing countries like Ghana can sustain gains if they were to reinforce China's strategy of development in the country but also sheds light on the prevailing operational conditions of SOEs around the world with which Ghana shares affinity. I provide evidence that while the current Ghana government SIGA reforms in the SOE space emulate some of China's early state capitalist reforms and introduce some amount of viability in the SOE space, the country's traditional propensity to condone underperformance and shy away from unpopular but efficient policies for fear of political backlash associated with its political system renders the long-term sustainability of its state capitalist reforms bleak. The problem is also exacerbated by Ghana's Winner-Takes-All politics which tend to make future administrations hesitant to continue projects started by their predecessors.

Is the time right to advance the argument that China's development approach and policies pose a reasonable risk to free-market policies entrenched in many developing countries as elucidated by some scholars and institutions (Li, 2015; Senate Armed Services Committee, 2018; CGD, 2011)? The approach and policies may seem replicable in developing countries. Still, corruption and impunity, debt unsustainability, underperformance, weak incentive structures, and many democratic government's reluctances to continue projects started by predecessors are likely to pose some of the most potent risks to the viability of any adopted state capitalist policies or reforms that emulate China's approach.

THE DEVELOPMENT DILEMMA: IMPLICATIONS OF A REGION-WIDE ADOPTION OF STATE CAPITALISM

3.1. Introduction

China's rise has undeniably elevated the agency of developing countries to the fore and in no uncertain terms, does put developing countries at a critical juncture in economic development theories and models. On one side, China's example serves as a testament to the efficacy of state-led or interventionist development strategies in promoting unprecedented economic growth. On the other, critiques and concerns regarding their model's transferability, viability, and compatibility with the principles of democracy and human rights are raised. In the scholarly domain of development models, the question of how emerging and developing countries should navigate their path to development and wealth creation remains topical. At the core of this issue lies the allure of rethinking and transitioning to models that could facilitate the growth of developing countries (J. Y. Lin, 2011). China's rise is often factored into the conversation as serving as a model of development for emerging economies but even that, it has been rife with debate mainly bordering on certain unique circumstances in China that make the emulation or replicability of its model by other developing countries cumbersome (Naughton, 2010). While there have been studies on the replicability of the Chinese model in developing African countries (Kinyondo, 2020 ; Babones, 2020), the

implications of the potential widespread adoption of China's state capitalism model remain understudied.

This paper pursues this understudied area to answer the question of *what the implications of a widespread adoption of China-inspired state capitalism in Africa and other developing countries are.* Through a qualitative analysis, this study evinces such complexities and offers new insights that will assist scholars and policymakers in understanding the multifaceted outcomes and options that lie ahead in the event of widespread adoption of such policies. In the first section of the paper, I take a deep dive into the neoliberal project that took form in Africa in the early 1990s, delving into its principles and controversies and how the latter consequentially shaped the discourse of China's involvement in Africa. This is intended to highlight the prevailing conditions and rationales that may be poised to inform and give credence to any governmental strategy seeking to transition into a China-inspired state-capitalist development strategy. In the second section, I unpack the growth disparities and comparative efficiency of development models in the context of developing and former developing regions, specifically, Africa, Latin America, and East Asia. The goal here is to provide a context from which scholars can interrogate the prospects and challenges of emulating or avoiding the model of China's state capitalism in the modern era. The third section lays out the theoretical framework guiding the paper. The fourth, fifth, and sixth sections unpack the methodology, findings, and discussion respectively.

3.2. The Neoliberal Project in Africa and its Critiques in the Wake of China's Rise

Discourse on the neoliberal project in developing countries spurred debates across many domains from politics to economics. Key among such debates was the linkage between the project and governance. The theme of governance was not a powerful constituent of the project at the time the idea was hatched, but it subsequently became a significant element in its implementation on the world stage (Serra et al., 2008). Adherence to the rule of law, accountability and transparency, democracy, and the protection of human rights were to become the new standard for African countries willing and wanting to receive aid money from Western neoliberal partners. As a conditionality for aid acquisition and disbursement, *good governance* started in the economic realm and later veered into the political (Santiso, 2001). This was partly set by the Bank as a precondition for assistance due to donor governments' compulsion to tackle persistent issues like corruption, and bureaucratic inefficiencies, among others (Ibid). To put it into proper perspective, Santiso (2001) suggested that "the success of adjustment loans can largely be predicted by a country's underlying institutional and political features, including whether the government was democratically elected and how long it has been in power, with post-conflict and transitional countries being specific cases" (p. 7).

Brown (2005) in his study of democratization in Africa argued that although international donors were often left out of theories of democratization and authoritarianism in Africa, they nonetheless played a critical role in advancing or encouraging those political systems. Other studies have however placed the agency of international donors contextually. For example, during the Cold War, the United States and other donors were understood as providing aid to "strengthen corrupt but geopolitically useful autocracies" (Brautigam and Knack, 2004, p. 275 as cited in Li,

2017, p. 202) in the pursuit of an anti-communist global order, but after the cold war, the priorities of Western donors were more focused on the pursuit of democracy. In the Sub-Saharan African context, it was found that Western aid inflows specifically became geared towards democratization beginning in 1990 (Brown, 2005). Against the backdrop that free markets and democracy are associational and interdependent (Harsch, 1992, p. 7), the pursuit of democracy in adjusting countries like Ghana became a bedrock of the neoliberal project and free-market capitalism. Former IMF Managing Director Michel Camdessus opined that in Africa "more open political systems increase the prospect that sound policies will be sustained. As such, they are a helpful or perhaps even a necessary ingredient of structural reforms combined with sound macro policies" (Camdessus, 1992 as cited in Harsch, 1993). It thus came as no surprise when data from 120 countries observed between 1971 and 2007 pointed out "that the IMF's lending arrangements have not been associated with lower democracy scores in the short run", instead there was "evidence of a modest but positive relationship between the program participation and democracy scores" (Nelson & Wallace, 2017, p. 554). Inasmuch as World Bank and IMF programs did not have any effect on mechanisms of electoral accountability in 76 borrower governments in Asia and Africa, they were found to have engendered reforms in civil liberties and internal supervision (Limpach & Michaelowa, 2010).

The history and story of the neoliberal project in Africa has not been entirely rosy. It had been viewed as embodying tools and strategies used by former colonial powers to reassert their control over African states and advancing the colonial rhetoric of "civilizing" the continent (Galchu, 2018, p. 3). "The Washington Consensus' advice for African country is one that says the Western model is perfect model for all and should be

replicated as prescribed by the owner of the system" (p. 4). In this vein, Babaci-Wilhite et al., (2013) support African leaders' disinclination from the Washington Consensus for its conditionality and for undermining the agency of the poor through various tools of domination and further adding that the fundamentals of China's alternative, the Beijing Consensus discourage "donor deafness", promotes local innovation and have been more favorable and generous enough to propel Africa's sustainable human development (p. 741). "Within the framework of Beijing Consensus, China's relations with African countries are not shaped by the previous sovereign-colonial relationship. In contrast to Washington Consensus, Beijing Consensus is shaped by respect for national sovereignty rather than intervening in national economies by macro-economic policies" (Saray, 2019, p. 309).

3.3. Regional Growth Disparities and the Comparative Efficiency of Development Models

The comparative performance of Latin American economies and that of Each Asia achieved scholarly relevance in the late 1990s, particularly among scholars who aimed to unravel the disparities in the regions' economic performance even when both sides had pursued synonymous economic policies. At a time when deductivism resulting "in the development of highly sophisticated analytical and quantitative techniques" had swayed professionals to focus on "easily quantifiable phenomena", Baer et al., (1999) asserted that there had been an overlook of less quantifiable elements or points of consideration such as the functioning of private and public institutions (p. 1746). As a case in point, as mainstream scholars considered East Asian economies to be free markets and diminished

the role of the state, Amsden (1989) and Baer et al., (1999) demonstrated that there existed an enormous state intervention in the East Asian economies. Baer et al., (1999) further show that it was erroneous to conceive East Asian economies to have subscribed to the holy grail of trade liberalization and foreign direct investments when closer scrutiny could have revealed that "restrictions on foreign ownership and import controls" in the respective economies demonstrated otherwise (Ibid, p. 1746).

Other misconceptions had it that a laissez-faire system in its purest form, unaccompanied by government interference was well-positioned to birth the best economy, but according to Friedman (2003, p. 12), if the ideals and policies of a laissez-faire system were true, then the United States in the Reagan era would have "experienced the most robust growth in the world during the period" (Ibid, p. 13). However, the period between 1980 and 1994 saw South and East Asian countries (with mixed economies with a core feature being to "single out strategic industries for protection and investment" like the People's Republic of China's inking the fastest economic growth figures (Ibid, p. 13). Given assertions that China's economic miracle was attributable to its embrace of free-market elements, the author asserts that "its dramatic growth began in 1949, well before free-market elements were tolerated" (Ibid, p. 13). Aside from Africa, free-market orthodoxy has many test cases that illuminate its inefficiencies in changing the economic prospects of countries. Among them, Mexico, an ardent follower of free market principles and privatization of state industries, saw the collapse of its currency and the resultant inability to fulfill debt obligations, a decline in real wages, and the overall rise in the cost of living of the Mexican middle class.

According to Rodrik (2004), the mixed economy represents one of the most

valuable legacies passed from the twentieth century to the twenty-first in the sphere of economic policy. While the nineteenth century introduced capitalism, the twentieth century acquired the knowledge and tools to harness it effectively, making it more efficient by providing the essential institutional foundations for a self-sustaining market-based economy. For him, the fundamental concept that markets and government intervention complement each other, even if not explicitly acknowledged, played a crucial role in fostering the unprecedented prosperity witnessed in the United States, Western Europe, and parts of East Asia during the latter half of the century. Amid the discourse regarding the comparative efficiency of developmental models, Björkman (2016) argued that the free market tends to be mired in false beliefs, namely: the invisible hand ensures that there is fairness in the market and advances the collective good, the interests of all and sundry are considered and taken care of, the market creates alternatives, market actors are utility maximizers, "the market tends towards equilibrium where supply and demand meet" (p. 45) and that private corporations and entities tend to be relatively the best at ensuring efficiency, productivity and maximizing wealth.

Having witnessed the fallacies, limitations, flaws, and inefficiencies of the free market, Björkman (2016) argues that there is no need to constrain ourselves to the free market like subjects of a naturally occurring phenomenon with no agency but to look at it as a social institution that can be changed if it fails to serve its purpose (p. 44). For Björkman (2016), the assumption of the free market as a fixed reality had obscured the possibility of seeing beyond the free market to other "equally free markets" that function differently (p. 48). While Björkman's analysis (2016) is theoretically oriented, momentous studies about Africa and other developing regions have started to build as to

the replicability of the Chinese development model (Kinyondo, 2020; Babones, 2020), or state capitalism – a model that poses a direct, if not significant challenge to the market-led economy predominant in developing countries. Most have looked at the domestic conditions that make the model replicable in their context (Kinyondo, 2020; Babones, 2020) leaving understudied its implications as perceived by International Financial Institutions (IFIs) and actors whose economic norms have predominantly shaped the continent's economic structure and governance. This study aims to fill that gap.

3.4. Theoretical Framework: The Dependency Theory

Developing regions like Sub-Saharan Africa and Latin America, endowed with natural resources have experimented with diverse economic models since their independence, and in understanding the viability, revival, or implications of certain old approaches as they pertain to the regions, there is the need to place them in the proper theoretical context. In pursuit of this, this study draws on the dependency theory as a theoretical framework and its relevance to contemporary global economic patterns. Introduced in the late 1950s by the Argentine economist and statesman Raúl Prebisch, dependency theory rose to prominence during the 1960s and 1970s. Under this theory, according to Velasco (2002), the international system operates on a core and periphery principle where poor countries cannot develop because of domination by the advanced countries herein called the core or center countries.

According to Reyes (2001), "the peripheral nations experience their greatest economic development when their ties to the core are weakest. An example of this circumstance is the industrialization process that took root in Latin America during the

1930s when the core nations were focusing on solving the problems that resulted from the Great Depression, and the Western powers were involved in the Second World War" (p. 6). Radical dependency theorists like Andre Gunder Frank and Amir Samin argued that "the center grew at the expense of the periphery" and one is likely to see growth in the periphery only when it breaks off completely from the global economy" (Velasco, 2002, p. 44). However, less radical versions of dependency theory championed by Enzo Faletto, and Pedro Paz shifted the focus from the supposed correlation between advanced countries development and poor countries underdevelopment and maintained that under a market-oriented global economic structure, both rich and poor nations could grow, but would not enjoy equitable distribution of the benefits (Ibid).

In Sub-Saharan Africa and former colonies in other regions, the earlier commodity-based economies were rife with inequities of wealth distribution as the West extracted resources from the developing countries and in turn, flooded their economies with Western-made secondary products and one of the ways of breaking free from the shackles is by severing links with the advanced countries (Yende, 2020). Fast forward to the boost in international trade and the rise of multinational corporations, other scholars argue that the exploitative component of the modern capitalist system facilitates the exploitation of developing countries' cheap labor, exhausting their raw materials and overall compelling the restructure of their economies to suit the needs of the Western world and its consequential development disparity between the North and the South Blomström & Hettne, 1984 as cited in Yende, 2020).

Further, global financial institutions have been deemed as contemporary devices of domination and exploitation of developing countries exemplified by the latter's

dependence on IMF and the World Bank ratings and evaluations (Ntini, 2014 as cited in Yende, 2020). “The power invested in the WB and IMF to devalue other nations‘ currencies at will bestows the ability to defend the centuries-old strategies of subordinating those opposed to the vision and capitalist project of international domination of the world by the West. It may be perceived that the lack of equality manifested in such issues is a pointer to the fact that continued relevancy of dependency theory in understanding today‘s world” (Yende, 2020, p. 220). To this end, some scholars have expressly asserted that adopting a state-socialist system and abandoning the global capitalist system is the only viable way for developing countries to escape this exploitation and underdevelopment (Willis, 2011 as cited in Yende, 2020, p. 220).

3.5. Methodology

The study uses a qualitative research approach with data collected between September 2022 to October 2023 from economists and experts familiar with China’s economic and trade relations with developing countries. Due to the evident utility in drawing out rich and detailed insights into specific research phenomena, the criterion homogenous purposeful sampling technique was chosen. A criterion homogenous purposeful sampling technique is the selection of units (cases or people) that fulfill certain inclusion and exclusion standards (Luciani et al., 2019). It was suitable for singling out respondents who are adept with the economic development concerns as far as developing countries are concerned. To achieve the principle of appropriateness underlying qualitative sampling, scholars recommend a purposeful sampling technique to intentionally seek individuals with the most expertise regarding the research problem or

question under examination (Patton, 2015).

In terms of inclusion criteria, the paper settled on respondents who had advanced degrees and had professional experience in working on issues related to development assistance, economic development and models, international finance, and China's economic relations with developing countries. The study took into consideration concerns about ensuring maximum variation sampling to elicit a broad array of perspectives. "Often, researchers want to understand how a phenomenon is seen and understood among different people, in different settings, and at different times. When using a maximum variation sampling method the researcher selects a small number of units or cases that maximize the diversity relevant to the research question" (Elmusharaf, 2016, p. 12).

As far as this study is concerned, the maximum variation sampling strategy was done by the researcher in not only targeting industry experts affiliated with one international financial institution, but also experts in other international financial institutions who all play very critical roles in international aid, finance, and development. This was pursued by the researcher with the aim of soliciting an appreciable number of varied responses and thought patterns. Further efforts were made to eliminate ambiguous terminologies from the interview guide. Key among them was the emphasis on the SOE feature of China's state capitalism as opposed to other features like expansive price controls and a host of other state capitalist features that did not directly pertain to the research question.

The interview guide consisted of three questions, which were: *a) Do you perceive China's economic and trade relations with Sub-Saharan Africa and other developing countries in a positive or negative light? b) What is your assessment of the applicability*

of Chinese-inspired state capitalism in the context of Africa and other developing nations? c) How do you perceive the potential international domestic and international implications should a significant number of developing countries embrace a state-capitalist approach to economic development? Two mediums of data collection were employed. First, I collected data through in-person semi-structured interviews which were digitally recorded and transcribed. The second method involved the use of Zoom as an alternative method amid insurmountable challenges with in-person meetings. The same questions and order of questions were used for both in-person and Zoom interviews. NVivo 12 was used for data transcription and for thematically analyzing the data. The next section captures the themes that emerged from the data. I employed thematic analysis due to its studied utility in developing "broad overarching statements that describe what is happening in the underlying data" (Lochmiller, 2021, p. 2032).

3.6. FINDINGS

Demographic data of respondents

Participants/democratic segments	Gender	Age Group	Highest Level of Education	Nationality	Years of professional experience	Occupation
Participant 1	Male	50 - 59	PhD	American	10 or more years	Economist
Participant 2	Male	30 - 39	JD	Nigerian	4 - 9 years	Analyst
Participant 3	Male	40 - 49	MBA	American	10 or more years	Investment Officer
Participant 4	Female	60 - 74	PhD	American	10 or more years	Economist
Participant 5	Male	40 - 49	MBA	Indian	10 or more years	Economist
Participant 6	Female	30 - 39	PhD	American	4 - 9 years	Consultant
Participant 7	Male	60 - 74	PhD	British	10 or more years	Director
Participant 8	Male	50 - 59	MBA	American	10 or more years	Investment Officer

Tabular Representation of Findings

a) Do you perceive China's economic and trade relations with Sub-Saharan Africa and other developing countries in a positive or negative light?

Participant Identifiers/Perceptions	Positive Light	Mixed	Negative Light
Participant 1	✗	✓	✗
Participant 2	✓	✗	✗
Participant 3	✓	✗	✗
Participant 4	✓	✗	✗
Participant 5	✓	✗	✗
Participant 6	✓	✗	✗

Participant 7	✓	✗	✗
Participant 8	✓	✗	✗

✓represents participants' responses that fall under the respective sentiment category.
✗represents participants' responses that do not fall under the respective sentiment category.

b) What is your assessment of the applicability of Chinese-inspired state capitalism in the context of Africa and other developing nations?

Participant Identifiers/Perceptions	Absolute Optimism	Optimism with Reservations	Neutral/Situational	Pessimism with reservations	Absolute Pessimism
Participant 1	✗	✗	✗	✓	✗
Participant 2	✗	✗	✗	✓	✗
Participant 3	✗	✗	✗	✗	✓
Participant 4	✗	✗	✗	✗	✓
Participant 5	✗	✓	✗	✗	✗
Participant 6	✗	✗	✓	✗	✗
Participant 7	✗	✗	✗	✗	✓
Participant 8	✗	✗	✓	✗	✗

✓represents participants' responses that fall under the respective thematic category.
✗represents participants' responses that do not fall under the respective thematic category.

c) How do you perceive the potential international domestic and international implications should a significant number of developing countries embrace a state capitalist approach to economic development?

Participant Identifiers/Perceptions	Shift in geopolitical and geoeconomic alliances.	Viable method to achieving economic sovereignty and growth	Reversion of international trade and risk of alienation	Reversion of "good" governance principles	Sanctions from donors and international institutions
Participant 1	✓	✗	✗	✓	✗
Participant 2	✗	✗	✗	✓	✗
Participant 3	✓	✓	✓	✗	✗
Participant 4	✓	✗	✓	✗	✗
Participant 5	✗	✓	✗	✗	✓
Participant 6	✗	✓	✓	✗	✗
Participant 7	✗	✓	✗	✗	✗
Participant 8	✓	✗	✗	✗	✗

✓ represents participants' responses that fall under the respective thematic category.
✗ represents participants' responses that do not fall under the respective thematic category.

Thematic Discussion of Findings

3.6.1. Pessimism, but prospects of practicality about Chinese-inspired State Capitalism

On the question of whether African and developing countries should pursue a strategy like that of China's, some responses raised concerns about the unsuitability of state capitalism in the developing countries settings, a misread of the literature on the model that specifically accounted for China's economic miracle, and the need to wait and see its successful piloting in the bigger economies in the developing world before the smaller countries. For instance, according to Participant 1:

> *"I am privy to this literature, but look, I think there is a frequent academic misread of the practices that led to China's economic success. Look closer, and you will see that China did not turn to complete statism to advance its development agenda. Capitalist reforms cannot be completely taken out of the picture if Africa wants to go along the Chinese way. Perhaps the big players in Africa like Nigeria and South Africa may want to rethink their current market practices and strategically pilot a few statist reforms (like creating and reinvesting in mixed-ownership enterprises or full-state-owned corporations) to measure the potential pitfalls and benefits before full adoption. If successful, it may set off a domino effect on other smaller African countries." (Interview I, personal communication, February 8, 2023).*

Some held the opinion that in a globally interconnected economy, developing nations in Africa opting for the China approach should consider adopting it gradually. This cautious approach stems from concerns about potential adverse consequences if the strategy were to backfire for these developing nations. For example, one participant asserted that:

> *"In my opinion, most African countries' economies are so intertwined with the West's economy to the point that abruptly adopting statism rather than an incremental method could cripple their economies right from the word go. I read about Ghana's mass industrialization project that the current president has started, and I believe it is the right step. It is an open question whether the project will eventually yield the expected results and build the domestic capacity needed to compete with the multinationals." (Interview II, personal communication, May 17, 2023).*

Others also opined that:

> *"Widespread adoption would not be to the benefit of anyone. I think the free market is now so entrenched in many places to the extent it cannot easily be*

displaced. Developing countries are overly dependent on the West and their financial institutions. Debt-distressed countries like Sri Lanka, and Zambia are not new to IMF bailouts for example and their situation is not an isolated case on their continents and other developing regions. What I would recommend is a large-scale industrialization strategy with the private sector taking a leading role and the government using some non-tariff barriers to protect local infant industries through subsidies, tax holidays, and perhaps insurance guarantees." (Interview III, personal communication, November 3, 2022).

"Reverting to a statist or protectionist economic regime is counterproductive to Africa in its current situation. I think it may be too late. They could have followed the Chinese example right from scratch, but prematurely opening their critical economic sectors for foreign participation was a bad step. India and Brazil were calculative in their development strategies. From the late 1940s to the 1990s, the two nations transitioned from export-oriented commodity-based economies into manufacturing with significant protectionist measures to the extent that even when the IMF forced market reforms, they still maintained a strong hold on their critical SOEs. Today we cannot talk about the top ten largest economies and leave the two countries out.". (Interview IV, personal communication, September 6, 2022)

"Large-scale autonomous development can be challenging. All economies are currently very integrated. They cannot adopt statism and solely economically nationalist policies without having any sort of comparative advantage in the global economy. China had a comparative advantage in terms of its huge population and domestic market size as well as the abundance of labor. This is directly at odds with the current structure of most developing countries, especially the ones in Africa. Figuring out where they can be most comparatively competitive and innovative in the global market is the key to transforming their economies and not turning to statism. Statism has historically been accompanied by protectionism and at this point, most developing countries in Africa really cannot withstand the repercussions of a far-reaching protectionist regime." (Interview IV, personal communication, September 6, 2022).

"Embracing a state-led economy driven by investment in state-owned enterprises can have various benefits for Africa like job creation. However, it also comes with costs, such as inefficiency, a lack of innovation, and the potential for political interference. The success of such an approach depends on effective governance, transparency, and a careful balance between state control and private sector involvement. Striking the right balance is crucial for Africa if the continent wants to maximize the benefits while minimizing the costs." (Interview V, personal communication, March 9, 2023).

3.6.2. Optimism, but doubts about state capacity in implementing effective statist policies and strategies.

While a relatively larger number of respondents harbor a considerable degree of pessimism about African countries' adoption of the Chinese example, others had a contrary position but even that, they were room for a few reservations, such as the state capacity of the nations. This was premised on the assertion that the existing state capacities in numerous developing nations fall short of the robust state capacity that East Asian states possessed when they commenced their developmental endeavors. Consequently, there arises a measure of skepticism regarding the prospects of success for these developing countries if they persist with their current modes of political and economic governance. In essence, the discrepancy in state capacities raises questions about the viability of their developmental trajectories if they do not initiate substantial changes in governance. For instance, one participant asserted that:

> *"I would encourage leaders of developing countries to emulate the examples of the East Asian tigers and specifically adopt many of China's economic reforms only if they are willing to efficiently follow through their policies judiciously. China's approach was incremental and strategic in the sense that for example with its Enterprise Responsibility System in 1984, even when the government supported its enterprises in diverse ways, it retreated and allowed the enterprises to secure their working capital and credit at market interest rates rather than interest-free direct support from the state. This quickly transformed the enterprises into profit-seeking entities to afford the loans on the market and improve their overall profitability. Next, it did not fully isolate itself from the global economy as its highly strategic open-door policy became the engine for its economic growth starting from the late 1990s until now. I fear that the current state capacities of many African and developing countries are not as strong as those of the East Asian states when they embarked on their development journey, hence their chances of success are a little doubtful if their mode of political and economic governance remains unchanged." (Interview VI, personal communication, September 14, 2023).*

Others also see the adoption of statist policies from a situational angle with the fact that the conditions of countries do vary, and the success of such policies may be premised on a wide range of factors. This was exemplified by the claim that:

> *"China is a form of mixed economy with the mixture suited to its historical circumstances and political structures. The same applies to Africa. However, too many African economies have approached that mixture through a neo-liberal policy framework with, as a consequence, a lopsided faith in external drivers of growth and have seen an unhealthy erosion of the developmental dimension of state capacity. That will need to be reversed. In general, I would support such a shift recognizing that such a shift should be pursued with an eye to domestic circumstances with an appreciation of the need for policy experimentation, and with a pragmatic approach to reform and institutional innovation. That independent state action can give rise to beggar thy neighbor problems and policy space must be monitored as well as guaranteed that is of course case light on the supportive nature of the international architecture required to advance a more developmental agenda. Again, this should not be approached in a Manichaean manner." (Interview VII, personal communication, October 5, 2023).*

> *"The choice should be based on careful consideration of the country's specific circumstances, resources, and objectives, as well as an understanding of the potential benefits and challenges associated with each approach. It is therefore essential for developing countries and Africa to strike a balance that suits the unique needs and goals of the country in question." (Interview VIII, personal communication, October 17, 2023).*

3.6.3. Potential domestic and international implications of a widespread embrace of statist policies

On the question of how respondents *perceive the potential domestic or international implications if a significant number of developing countries were to embrace a state-capitalist approach to economic development, five* themes emerged from the data, ranging from the impact of such a wave on the existing liberal international order to assertions that if developing nations embrace statist policies while keeping their

markets open to Foreign Direct Investments (FDI), it is possible that they could witness a general economic growth as foreign entities may be interested in capitalizing on a government's statist turn. For example, Participant Eight asserted that:

> *"If developing countries embrace a state-led model then they may have to align more closely with nations that share similar ideologies and economic strategies, potentially leading to shifts in geopolitical alliances and partnerships. Again, the state-led approach can promote economic sovereignty by reducing dependency on foreign corporations and institutions. However, it can also lead to increased dependency on specific countries, such as those providing development assistance or infrastructure. In addition, state-led approaches often prioritize social welfare programs, which can enhance education, healthcare, and social safety nets. However, this may also strain government finances." (Interview VIII, personal communication, October 17, 2023).*

The international trade system, as it stands today, is liberally oriented. It is governed by the World Trade Organization (WTO) and a complex web of multilateral and bilateral trade agreements and is largely sustained by the United States. While this system was nearly compromised by Donald J. Trump's protectionist and mercantilist inclinations, it has however stood the test of time. In this study, some of the respondents expressed grave concerns about a potential compromise of the system and the stoking of trade tensions if developing countries start to implement state capitalist policies on a wider scale. A subset of respondents observed and articulated that:

> *"A return to a developmental state by developing countries will reverse the whole robust international trade architecture that is currently in the system and lead to very selective trade policies. But one thing to know is that structuralism was not the engine for China's miracle. China adopted several market practices from the West and although Xi Jinping himself is more Maoist-oriented, he has not discontinued Deng Xiaoping-led capitalist foundations that largely contributed to China's present economic status. For the developing countries, if they adopt some state capitalist policies and do not close their economies to foreign investments, we may likely see an influx of foreign companies who would even want to take advantage of the government's shifted focus and invest in the industries being*

prioritized by the state." (Interview IV, personal communication, September 6, 2022).

"Widespread adoption of statist ideologies or policies would be all but certain to overhaul the current liberal international trade system. Such a turn would inadvertently crown China as the economic hegemon. China's commitment to keeping U.S.-led international economic openness could change by seeking to alienate the U.S. in reaping disproportionate dividends of international trade, and regional economic trade blocs aligned with the U.S. may also suffer alienation or be made to accept certain concessions." (Interview III, personal communication, November 3, 2022).

"I believe that the regular trade patterns we see now are likely to change if the widespread adoption of state capitalism is successful across the board. If successful, there could also be a high chance of poverty reduction as development in such regions may lessen the burden on the industrialized nations in solving global problems. It is worth mentioning that some state intervention policies are not entirely out of touch with the policy recommendations of the IMF and the World Bank, and when that state capitalist shift eventually unfolds, there could be some form of cooperation between the two financial institutions and the developing countries. For example, many of the SOE remnants from the 1990s privatization project that swept across developing countries have benefitted from IMF-backed reforms and even rendered many of them profitable." (Interview VI, personal communication, October 17, 2023).

In the domestic context, other participants evinced the utility of state capitalism in helping developing nations wean off the perennial reliance on external actors and the traditional financial institutions that have become influential in global monetary and financial affairs. In other words, such adoption may play a vital role in the economic trajectory of the developing nations, taking into account several other domestic factors. One Participant remarked that:

"Developing nations adopting state capitalism could help them achieve self-sufficiency by fortifying their economies to the extent that they no longer need to rely on international capital markets or the conventional neoliberal creditors we are accustomed to. This is primarily because full state control does not align with the preferences of these creditors, who will view the extension of credit to statist

developing countries as too risky to even start with. China is an exception to that rule though. Additionally, I am concerned about the potential repercussions. If the supposed countries exit the World Trade Organization (WTO) and potentially establish regional trade agreements, they will come under a barrage of economic and political sanctions from their bilateral and multilateral donors. This will result since full state control or planning implies strong limitations on free trade, which disrupts both global and regional supply chains. WTO is strictly against that. Furthermore, the prospect of complete state control is remote because many developing nations presently lack sufficiently large markets like China and India, to patronize their domestically produced goods. This renders the entire approach unsustainable." (Interview V, personal communication, March 9, 2023).

Yet another respondent evinced the opportunities that China's rise presents to African countries, particularly in tapping into Chinese manufacturing sectors that are experiencing diminished competitiveness due to rising labor costs. For him:

"Not only does the size of China's market and the pace of its growth open opportunities for African businesses to expand exports (and their countries to generate foreign exchange) but there are obvious complementarities in terms of their production structures including the potential for African economies to acquire those Chinese manufacturing activities that are becoming less competitive as wages rise. Needless to say, China's productivity lead across large sectors of the manufacturing economy can pose challenges to African producers which will require attention in their own right. Here China's commitment to South-South cooperation will need to be leveraged by African producers." (Interview VII, personal communication, October 5, 2023).

For two Participants, the reversal of good governance frameworks which were directly and indirectly promoted by the neoliberal institutions in the developing world are among several of the implications that a state capitalist turn in the developing world could generate. They remarked that:

"My concern is centered on the potential for a setback in the governance gains that the export of the conditionality-based free market principles brought to developing countries. Reverting to a more centralized model over the long term would not only erase these improvements but also provide authoritarian governments with a pretext to justify their prolonged stay in power, arguing that it is necessary for executing any substantial, lasting development strategy. On the

international political front, such a shift could ruin the robust diplomatic ties between the West and these developing nations that have been nurtured over the years within this U.S.-led international order." (Interview I, personal communication, February 8, 2023).

"Political freedoms and democratic governance were largely enhanced in developing countries that adopted free-market principles. The backtracking to a non-liberal economic system like in the case of China's method may likely cause a cessation of the tenets of democracy and good governance that once bound the leaders of the developing world. However, international trade will always continue because no nation can solely depend on itself regardless of its economic model." (Interview II, personal communication, May 17, 2023).

3.7. Discussion

The findings reveal that although the governing ideology, principles, and mandates of the major financial institutions are best characterized as antitheses to China's goals in Africa and other developing regions, on an individual basis they hold generally positive views about China's economic and trade relations with Sub-Saharan Africa and other developing countries.

In previous studies where shortcomings in state capacity were found to be barriers to the effective replication of China's model of development (Babones, 2020), some of the respondents in this study reiterated such concerns. This time it is not restricted to a handful of countries in Sub-Saharan Africa, but it was seen as a general problem plaguing the continent. Their statements also did not evince any ingrained ideological motivation to stop the spread of norms that are inimical to the ideologies of their institutions, but it was based on the lessons drawn from the previously tried and tested state capitalist policies in developing countries that failed woefully.

While previous studies have looked at the transferability and the viability of China's model of development in developing countries, the global implications of such a

widespread turn are understudied. Such a gap rationalized this study as it was shown that, there are bound to be geopolitical and geoeconomic tensions that may characterize a widespread adoption of state-capitalist developmental policies as alluded to by most respondents. Key among these supposed tensions is the likelihood of developing countries having to realign more closely with nations that share similar economic ideologies and strategies, propelling a rollback of the "robust international trade architecture that is currently in the system" which may consequently give large-scale credence, legitimacy, and recognition to the superiority of China's economic norms and practices. Those who downplayed the geopolitical and geoeconomic tensions alluded to the formidability of the current liberal system and see such widespread adoption of state capitalism as largely remote as the current structure of developing countries' economies stems to the international capital markets and conventional neoliberal lenders. Such assertions are not far-fetched as most developing countries in Africa are currently very reliant on the liberally-inclined international capital markets which renders the current capitalist system quite formidable even in the wake of China's non-capitalist economic rise.

Some studies have evinced that there is often an oversimplification of development theories because of how they are constructed to assume uniformity in economic conditions when comparing developed and underdeveloped countries and that this assumption comes at the cost of overlooking the significant internal variations that exist within these two categories. Consequently, the oversimplification of grouping states based on this binary framework tends to come with the expectation that the same set of recommendations can lift underdeveloped nations to development (Zidana & Nkosi,

2023). While the aforementioned largely exemplified the one-size-fits-all approach that characterized the widespread adoption of neoliberal policies in Africa, the findings captured in this study are a reinforcement of the idea that developing regions are characterized by diverse historical, social, economic, and political circumstances hence not only does it call a revision of the uniform adoption of neoliberal policies to suit the context and conditions of each developing country, but even if developing countries subscribe to China's state capitalist policies, the implementation of the policies should happen on a contextual basis.

Having considered the assertion of acknowledging internal differences between countries and their approach towards development strategies, it is also critical to emphasize the governance component of economic development models. The 1990s neoliberal project which conditioned loans on political reforms also loomed large on the concerns of some of the respondents with the concern that if a widespread adoption or readoption of state capitalist policies kick in with or without the support of China, developing countries may no more be compelled to abide by best governance practices and may even erode the gains made over the course of three decades. Even in the presence of good governance checks on government practices championed by the IFIs, the region continues to witness pockets of "leaders for life" and the consequential recent phenomena of coup d'état. Hence, there is an avenue for such a potential widespread adoption of state capitalism to correlate with democratic backsliding and overall inefficient governance practices in Africa, and even China, the symbol of efficient contemporary state capitalism is no democracy either.

Engelhard (1983) asserts that it is paramount for discussions about development

situations to not only look at the macro-level international factors and conditions that determine the economic circumstances of countries, but it is equally essential to consider the micro-level internal factors and conditions. In the context of the dependency theory and other Marxist-oriented theories that lay the blame for underdevelopment at the doorstep of developed countries, it is well placed to argue that such assertions take away the agency of the modern developing nation to spearhead its free-market or state-capitalist development strategies independent of the "core countries". It is worth noting that modern African state as opposed to decades ago, now wields significant agency to interrogate and question the foreign policies of Western governments and China alike and not blindly swallow any bitter pill. Research findings from Ghana for instance demonstrate that domestic politics, civil society, and institutions are highly capable of thwarting the strategies of economic powers like China (Odoom, 2019).

Speaking about the implications of adopting China's economic norms also calls for a conversation about the nature of China's financial deals with developing countries in Africa and other regions. A key concern shared by key IFI stakeholders in the public domain on Sino-Africa financial deals continues to hammer on concerns about the opacity of China's financial deals with developing countries. From Former United States Vice President Michael Pence to Former IMF Managing Director, Christine Lagarde (Pence, 2018; Lawder, 2019; Staff, 2019), this concern is often expressed vis-à-vis their much different (Western) tradition of going about their financial engagements with Africa. As a case in point, before his abrupt exit from office, David Malpass in an interview with the BBC reiterated the concerns that bordered on his earlier warnings of a debt trap and rebuked China's modus operandi. He remarked that:

> *"What I encourage strongly is that they be transparent in their contracts. That's been one of the problems; if you write a contract and say, 'but don't show it to anybody else', that's a minus. So, get away from that…for governments in Africa, they shouldn't be offering collateral as an inducement to make a loan, because it locks it up for generations. That's been happening with China." (Josephs, 2023).*

Presently, the lingering fears harbored by Western officials about China's economic exploits in Africa have begun to materialize as some African countries have started to suspend and effectively default on most of their external debts. Ghana, for example, recently defaulted and had to restructure its debts owed to China which tends to prolong the annual revenues channeled into loan servicing. According to investigations by JoyNews, Ghana has secured a minimum of 8 loans from China, using various mineral resources as collateral to guarantee repayment. By the close of 2022, Ghana's debt to China amounted to $1.9 billion, with $619 million being tied to these collateralized loans. "These loans are collateralized against commodity production (cocoa, bauxite, and oil) and electricity sales. The loan agreement means in the event Ghana defaults on honoring its debt obligation, China has the right to use proceeds from Ghana's oil, cocoa, bauxite, or even the sales from electricity to settle the debt" (Agyei, 2023 para. 7 & 8). Such a trend complicates Ghana and Africa's self-reliance and agency to pursue any independent development strategies (whether neoliberalism or state capitalism) as their financial ties to the perceived "core" countries through debts and bonds make them vulnerable to conditionality and concessions they would not otherwise subscribe to.

3.7.1. Limitations of the Study

One of the critical aspects of research is the sample size, which plays a pivotal role in the validity, generalizability, and reliability of study findings. In the context of the

present research study, which employed a qualitative research approach, a limitation that needs to be addressed is the sample size. This qualitatively-oriented paper did not have a significantly larger sample size and the potential concern is that the small size may produce findings or results that may not be applicable or generalizable enough, due to the small number of eight respondents. In the presence of this shortcoming, a key strength of this study lies in the unit of analysis being developing countries in Africa rather than a single developing country. The respondents' professional profiles and experiences span across many developing countries and hence were very privy and familiar with generalizable development patterns and practices that characterize several developing countries in the region.

3.8. Conclusion

The paper contends that within the understudied international financial institutions, a portion of their members maintain a predominantly favorable stance concerning China's economic and trade interactions with Africa. However, their stances on the implications arising from the widespread embrace of state capitalism are fundamentally rooted in four key dimensions: the potential of such a shift to cause a substantial realignment in geopolitical and geoeconomic alliances, the prospect of it serving as a pathway to attaining economic autonomy and growth in Africa, the possible reversal of established international trade and good governance principles, and lastly, the associated risk of sanctions from international organizations. Not only does this study provoke a broader conversation about how the United States may realign its foreign

policy in the event of a widespread adoption of China's state capitalism but it also serves as a blueprint for developing countries to rethink their development policies going forward, especially when China's strategies toward economic development now serve as a testament to the efficient combination and implementation of both market and statist ideologies and principles.

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Appendix A

IRB APPROVAL

Institutional Review Board
210H Hullihen Hall
Newark, DE 19716
Phone: 302-831-2137
Fax: 302-831-2828

DATE:	January 7, 2022
TO:	Daniel Abankwa
FROM:	University of Delaware IRB
STUDY TITLE:	[1843848-1] Transferability, Implications and Constraints of the Beijing Consensus: A Ghana Case Study
SUBMISSION TYPE:	New Project
ACTION:	DETERMINATION OF EXEMPT STATUS
EFFECTIVE DATE:	January 7, 2022
REVIEW CATEGORY:	Exemption category # 2(ii)

Thank you for your New Project submission to the University of Delaware Institutional Review Board (UD IRB). According to the pertinent regulations, the UD IRB has determined this project is EXEMPT from most federal policy requirements for the protection of human subjects. The privacy of subjects and the confidentiality of participants must be safeguarded as prescribed in the reviewed protocol form.

This exempt determination is valid for the research study as described by the documents in this submission. Proposed revisions to previously approved procedures and documents that may affect this exempt determination must be reviewed and approved by this office prior to initiation. The UD amendment form must be used to request the review of changes that may substantially change the study design or data collected.

Unanticipated problems and serious adverse events involving risk to participants must be reported to this office in a timely fashion according with the UD requirements for reportable events.

A copy of this correspondence will be kept on file by our office. If you have any questions, please contact the UD IRB Office at (302) 831-2137 or via email at hsrb-research@udel.edu. Please include the study title and reference number in all correspondence with this office.

Appendix B

INTRODUCTION AND INFORMED CONSENT

CONSENT TO PARTICIPATE IN A RESEARCH STUDY

You are being asked to participate in a research study. This form contains information about the study including its purpose, what you will do if you decide to participate, and any benefits and risks of participating in the study. Please read the information below and ask the researcher, Daniel Abankwa about anything that is not made clear before you decide to participate. The participation in the study is not mandatory and you can refuse to participate or withdraw at any time. If you decide to participate, you will be asked to sign this form and a copy will be given to you to keep for your reference.

Title of Study: Transferability, Implications and Constraints of the Beijing Consensus: A Ghana Case Study

Principal Investigator(s): Graduate Student: Daniel Abankwa under the supervision of Dr. Gretchen Bauer

Important aspects of the study you should know about:

Purpose: The project seeks to examine Ghana policymakers' and economic experts' perception of the Beijing Consensus in terms of practical economic policy implications and feasibility.

Procedures: If you choose to participate, you will be asked to sign this Informed Consent, which outlines the study and what it will require you to do as a consenting participant. If you sign this consent form and choose to participate, you will be asked a series of questions on Ghana-China economic relations mainly bordering on the practical economic policy implications and feasibility of the Beijing Consensus.

The researchers will organize the findings and share them with you and all participants upon completion. This research may be incorporated in a dissertation or may be turned into a paper and published in a scholarly journal.

Duration: The interview will require a total time commitment of 1 hour.

Risks: Some of your answers will be captured as part of potential research findings, although your identities and names will not be attached to findings that are made public. Your answers will be linked to a unique identifier (e.g., *Participant I or Participant 2).* Confidentiality will be maintained; only the researchers will know the identities of participants.

Certain responses you may provide may stand contrary to the ideals, goals, or objectives of your organization, company, agency, department, ministry, or institution, and so there may be a risk of discomfort.

Benefits: Although there are no direct benefits to participating, the findings gained from this study will contribute to the China-Ghana and China-Africa literature on the scholarly level, and on the policy level, it may serve as a document in which state actors in both developed and developing countries can consult in navigating between a state-led economy and a market-led economy.

Costs and Compensation: If you decide to participate there will be no monetary cost to you.

Participation: Taking part or not in this research study is your decision. If you choose to take part, you have the absolute right to stop at any time. If you decide not to participate there will be no penalty. If you decide to stop taking part in the study later, there will be no penalty. Your decision not to participate, will not influence current or future

relationships with the University of Delaware in any way.

If, at any time, you decide to end your participation in this research study, please inform the research team by telling Daniel Abankwa (Dabankwa@udel.edu) or Dr. Gretchen Bauer (gbauer@udel.edu)

How will confidentiality be maintained: Only Daniel Abankwa and Dr. Gretchen Bauer will have access to interviewees' responses. Identities will be kept confidential by using unique codes for each participant. Researchers will not collect identifying information of individual subjects (name, address, email address, etc) and the findings will not connect individual responses with participants' identities. Your information will remain **Confidential,** meaning your identities are known by the researchers, but will not be shared.

The confidentiality of your records will be protected to the extent permitted by law. Your research records may be viewed by the University of Delaware Institutional Review Board, which is a committee formally designated to approve, monitor, and review biomedical and behavioral research involving humans. Records relating to this research will be kept for at least three years after the research study has been completed.

Contact Information: If you have any questions about the purpose, procedures, or any other issues related to this research study you may contact the Principal Investigator Daniel Abankwa (504-578-4681) or his project advisor, Dr. Gretchen Bauer (302-831-2355).

CONSENT TO PARTICIPATE IN THE RESEARCH STUDY:

I have read and understood the information in this form and I agree to participate in the study. I am 18 years of age or older. I have been given the opportunity to ask any questions I had, and those questions have been answered to my satisfaction. I understand that I will be given a copy of this form for my records.

_____	_____	_____
Printed Name of Participant (PRINTED NAME)	Signature of Participant (SIGNATURE)	Date
_____	_____	_____
Person Obtaining Consent (PRINTED NAME)	Person Obtaining Consent (SIGNATURE)	Date

Appendix C

INTRODUCTORY LETTER

UNIVERSITY OF DELAWARE | Department of Political Science & International Relations

347 Smith Hall
Newark, DE 19716-2574
Phone: 302-831-2355
Fax: 302-831-4452

June 27, 2022

Public Records and Archives Administration Department
PO Box GP 3056
Accra, Ghana

Dear Sir/Madam,

In reference to the request of Mr Daniel Abankwa to use the PRAAD archives as part of his research on Ghana China economic relations, I would like to strongly recommend him. I have known Mr Abankwa for five years, while he has been a graduate student in our doctoral program in political science in the Department of Political Science and International Relations at the University of Delaware. I can attest to his suitability as a researcher and his ability to use the PRAAD archives for the intended purpose.

I hope his request will be considered favorably and please feel free to contact me with any questions: gbauer@udel.edu.

Kind regards,

Professor