

**Economic Growth, Labour Standards and Social Equity: The
Case of Ghana during Half a Century of Independence**

<p>Anthony Yaw Baah Head of policy and research Ghana Trades Union Congress Accra, Ghana.</p>	<p>Angela Dziedzom Akorsu Research Fellow Centre for Development Studies University of Cape Coast Cape Coast, Ghana</p>
--	--

March 2007

Abstract

In their quest to participate in the neo-liberal globalisation, many countries in Africa have, through the adoption and implementation of neo-liberal economic policies, undermined labour standards. Ghana is one of such countries. The importance of labour and labour standards was recognised by the Convention People's Party (CPP), led by Kwame Nkrumah, in the decade after independence from British colonial rule (i.e., 1957 to 1966). For instance, out of the 47 ILO Conventions Ghana has ratified since it joined the ILO in 1957, 34 or 72% of them were ratified between 1957 and 1966 by Nkrumah's CPP Government. The overthrow of Nkrumah marked the beginning of the end of socially-inclusive economic policies. Successive governments after Nkrumah have placed very little or no premium on labour standards. This was particularly so when Ghana adopted and implemented structural adjustment programme in the 1980s and 1990s. Since then, successive governments have either ignored labour standards or have not given them the attention they deserve.

Ghana's economy has been growing at the rate of 5% since the early 1990s. But this remarkable growth has been matched by increased informalisation of employment and increased income inequality in favour of a few highly-educated, urban-based males engaged in the formal economy, at the expense of women, low-skilled workers and other vulnerable groups in the Ghanaian society, particularly those who earn their living in the informal economy. The formal economy currently employs only 10% of the total workforce. The remaining 90% of the workforce is engaged in the informal economy where labour laws and the internationally-recognised core labour standards are not enforced. The implication is that the majority of workers in Ghana are not protected and the number is increasing due to the rapid rate at which employment is being informalised. The last two Ghana Living Standard Surveys showed that income inequality, as measured by the Gini Coefficient, increased from 0.48 in 1992 to 0.60 in 1999, placing Ghana among the countries with the highest inequality in the world. Poverty is still widespread in Ghana despite the relatively high economic growth in the past two decades.

Thus, as a result of Ghana's quest to join the globalization game, the need for laws, regulations and institutional checks in the labour market has been played down. Instead, their perceived negative effects on labour costs and competitiveness are highlighted by employers and public authorities. Free trade agreements protect property rights, but not labour rights. Shareholders' interests tend to triumph over the interests of workers and consumers tend to be more important than the producers.

In this paper we seek to make social and economic case for the application of labour standards using Ghana as a case. The thrust of our argument is that growth without social protection is "uneconomic" and cannot eradicate poverty from society. Rather, such "uneconomic" growth will only create "enclaves" in the economy in favour of the privileged few in society. We argue against the neo-liberal view that application of labour standards hinders efficiency, productivity and growth and support the view that the

enforcement of labour standards such as minimum wage legislation and laws and regulations against discrimination in employment and strict compliance with occupational health and safety rules and regulations in developing countries is one of the most effective means by which developing country governments can reduce the exploitation of workers by multinational corporations and local employers and reduce poverty. For instance we support the view that, the elimination of employment discrimination can improve labour market opportunities for the disadvantaged and vulnerable groups such as women and the disabled. The result could be increased labour market participation and accelerated rate of poverty reduction. Also, freedom of association and collective bargaining can ensure a peaceful and harmonious industrial relations environment and thus promote increased investment, high productivity and ultimately, economic growth which is socially equitable.

Finally, a case is made for social partnership and social dialogue among trade unions and other civil society organisations, private sector employers, and government as an effective strategy for promoting labour standards and for communicating the social and economic benefits of a strict compliance with labour standards.

1.0 Introduction

In this paper we seek to make a socio-economic case for the application of labour standards, using Ghana as a case. The thrust of our argument is that growth without social protection is “uneconomic” and “inequitable” in the sense that it cannot bring the economic and social development to those who need them most – the poor and vulnerable in society. Rather, such “uneconomic” and “inequitable” growth will only create “enclaves” in the economy in favour of the privileged few in society.

We argue against the neo-liberal view which seems to suggest that strict adherence to labour standards can hinder efficiency, productivity and growth and support the view that the enforcement of labour standards such as the national minimum wage and the laws and regulations against discrimination in employment as well as the promotion of higher occupational health and safety standards through regulations could be one of the most effective means by which developing countries can reduce the exploitation of workers, particularly exploitation by indigenous people employed by multinational corporations and, ultimately, reduce poverty.

For instance, we support the view that the elimination of employment discrimination can improve labour market opportunities for the disadvantaged and vulnerable groups such as women and the disabled. The result could be increased labour market participation, improved levels of incomes for vulnerable groups, and accelerated rate of poverty reduction.

Freedom of association and the right to collective bargaining can bring a peaceful and harmonious industrial relations atmosphere and, thus, promote increased investment, higher productivity and socially equitable economic growth. Unionisation and collective bargaining can also enhance workers’ ability and capacity to negotiate with their employers for improved wages and benefits.

Finally, a case is made for social partnership and social dialogue among trade unions and other civil society organisations, private sector employers and government. We argue that social dialogue is an effective strategy for promoting labour standards, for promoting the equitable share of gains from economic growth and for communicating the social and economic benefits of the application of labour standards.

2. Labour Standards and Socio-Economic Development: An Overview of the Main Arguments

The neglect of social dimensions of development in Africa, particularly during the implementation of the IMF/World Bank-sponsored structural adjustment programmes in the 1980s and 1990s, is increasingly being cited as one of the main reasons for the failure of many African countries to achieve socially equitable economic growth and development in the past two decades. As Mosse (1993) rightly observed, the economic development models forced on poor countries by the international financial institutions

(IFIs) missed out on the 'human factor'. The structural adjustment programmes that were implemented across Africa during the 1980s and 1990s were founded on the principles embodied in the "Washington Consensus" which largely ignore the social and economic needs of a large section of the population and over-emphasise the role of the market not only in the allocation of marketable resources but also in the determination of access to social services.

Many African countries recorded relatively high growth rates in the 1990s, but the growth was generally characterised by inequity and has had insignificant poverty-reduction effects. Ghana, for example, recorded an average annual GDP growth of five percent in the 1990s. But, during the same period, income inequality (as measured by the Gini Coefficient) increased from 0.48 to 0.60, placing Ghana among the countries with the highest inequality in the world. Due, largely to the neo-liberal economic policies implemented in the 1980s and 1990s, the share of the formal sector in total employment decreased significantly from 18% in 1987/88 to approximately 14% in 1999, according to the Ghana Living Standard Survey data published by the Ghana Statistical Service. The informal sector has now become "the haven for people seeking desperately to eke out a living because they are unable to secure wage or salaried employment in the formal capitalist sector" (Ninsin, 1991). Thus, more workers are being forced to make a living in the informal economy where earnings are low and working conditions are poor because labour standard are not or cannot be effectively enforced.

The neo-liberal globalization process, characterized by rapidly changing technology, movement of large volumes of capital, goods, services and people, has so far been unfair to the majority of Africans. The principles underlying the process have resulted in the loss of jobs and livelihoods particularly for those in the public sector (through redundancies) and or for those in agriculture (through unbridled trade liberalization). Even for those who are lucky to have jobs they continue to face the challenges of job insecurity and low and insecure incomes. Presently, the majority of Africans (including those in formal jobs) are surviving under US\$2 a day. Inequality has not only increased within countries but also across countries. In 1960, the income gap between the richest and the poorest countries was estimated to be 30 to 1 (World Bank, 2004). In 1999, the income gap between the rich and poor countries had increased to 74 to 1 (Sengenberger, 2002).

It has been argued that the widening income inequality can lead to more conflict, social instability, lower productivity and slower growth within borders and increased migration, vulnerability and social exclusion (among those who migrate) across borders.

New development paradigms, therefore, seek to promote and measure economic performance in terms of human development. Attention is being drawn to the improvement (or the lack of improvement) in the quality of lives of the people. Gradually, ILO's Decent Work concept is gaining support among development experts as an effective means of promoting a "fair globalization" and for fighting poverty. It is

gradually being recognized that poverty cannot be reduced on a sustainable basis if the only asset for the poor – labour – is not adequately protected and rewarded along the lines of the ILO's Decent Work framework which emphasizes the rights at work, opportunities for men and women to secure decent employment and income, social protection, and social dialogue.

It is strongly argued within the Decent Work framework that economic growth will be equitable and pro-poor only when employment expands with economic growth. It is further argued that, employment should not only expand with growth but employment should be equitably distributed across regions, across socio-economic groups and by gender and that the jobs must be decent as recommended by the ILO in various conventions and recommendations with particular reference to the eight 'core conventions' concerning freedom of association and collective bargaining, equal opportunity in employment, and the abolition of forced labour and child labour. Attention is also being drawn to what is now known as "substantive conventions" (DFID, 2004) which concern minimum wage legislation and occupational health and safety standards.

A DFID study, entitled "Labour Standards and Poverty Reduction" published in May 2004 argued in favour of the positive relationship between labour standards and poverty reduction and made a strong case for the 'core' and 'substantive' labour standards in all poverty reduction strategies. For instance, the report argues that the elimination of discrimination in employment and occupations can improve labour market opportunities for women, the disabled and other socially-excluded groups. This can have high poverty-reduction effects particularly on the most vulnerable groups. Similarly, the respect for freedom of association and collective bargaining can contribute to the development of economic democracy at the enterprise level and can help consolidate the democratic culture at the national level. It can also enhance the ability of workers to negotiate for improved wages and working conditions. The application of the 'substantive' labour standards related to minimum wage regulations can protect households from extreme income poverty through increased earnings from employment. The report also makes an economic case for the positive relationship between national minimum wage and labour productivity within the context of the efficiency wage theory which postulates that reasonable and fair levels of wages reduce labour turn-over and increase purchasing power which in turn can spur investment and lead to increased labour productivity, higher rate of economic growth and prosperity.

Fair levels of wages can also reduce the brain drain. This point is particularly relevant in Africa especially when one considers that low levels of wages constitute the single most important determinant of the migration of professionals in the health and other social sectors.

In an era where African governments are giving concessions to multinationals to repatriate profits and through reduced royalties the most effective way of keeping part of the earnings from the exploitation of the non-renewable resources is to increase the proportions of the benefits going to the local people through regulations such as

minimum wage legislation and strengthening of unions to negotiate for better deals for workers.

A similar case is made for the application of health and safety standards. The thrust of the argument is that the application of higher levels of safety and health standards can protect working members of households from injury and terminal occupational illnesses, a situation which can lead to severe poverty when the breadwinner of the household is affected. Baah (2005) argues that this point is particularly relevant in the Ghanaian and African contexts because of the extended family system and the high dependency ratios on the continent.

In summary, the argument is that a robust application of labour standards can bring about a more peaceful labour relations and social stability and through that there could be increased investments, higher productivity, higher economic growth, increased prosperity and, ultimately, poverty reduction. As Budd (2004) rightly argues, “employment needs to be embraced as a social as well as economic activity with psychological as well as material rewards”. This requires the adoption and enforcement of international labour standards.

Neo-liberal analysts have raised concerns about the potential negative effects of the enforcement of high labour standards on economic growth. It is argued, for instance, that higher minimum wage can hamper firm competitiveness, business growth and the creation of formal/decent employment. Baah (op. cit.) admits the validity of this argument theoretically within the neo-classical model but argues that it is not supported empirically. Studies consistently show that the most important location factors considered by investors are socio-political and macroeconomic stability. In a study of South African multinationals operating in the retail and mining sectors in Ghana, Baah (op. cit.) reports that the companies cited the relative political stability in Ghana, the bright economic prospects, favourable investment conditions, availability of natural resources, a liberalised economic environment, the potential for expansion, and the good human resource base, as the reasons for locating in Ghana.

Although the ILO has succeeded, to a very large extent, in placing labour standards on the international development agenda, achieving decent work in practical terms has become even more difficult than ever due to the rapid spread of the neo-liberal globalization. The evangelists of the globalisation gospel led by the World Bank and the IMF have intensified their argument against all forms of regulation. They highlight the potential negative effects of regulation on labour costs and firm competitiveness. They continue to use all means possible under the guise of financial support to developing countries to push the free market ideology despite their negative social effects. Countries that agree to adopt free trade and flexible labour market policies are called “best reformers” by the IFIs and given preferential treatment in the form of long term credits. Despite the overwhelming support for the inclusion of labour standards in WTO agreements as a means of enforcing fair globalisation, trade agreements are increasingly being designed to protect property rights, but not labour rights. Shareholders’ interests

tend to triumph over the interests of workers and consumers tend to be more important than workers.

In the following sections, we use the case of Ghana to demonstrate that the adoption of neo-liberal economic policies characterised by the disregard for labour standards and social equity partly explains the widening income gaps between the rich and poor in Africa. The case of Ghana is interesting because it is a prototype of the African countries which adopted and implemented the IMF and World Bank-sponsored neo-liberal policies with a religious zeal throughout the 1980s and 1990s. In the past two decades, Ghana has implemented various economic reform policies under various names from structural adjustment programme (SAP) to growth and poverty reduction strategies (PRSP). These policies were implemented within the framework of the Washington Consensus which promotes free trade, privatisation, and deregulation, among other orthodox policies. During the period, Ghana's economy has consistently grown at an average rate of five percent per annum and is currently growing at a little over six percent. But during the same period, the relatively high economic growth has been matched by increased informalisation of work, job insecurity, income insecurity, low levels of real earnings, and widening income inequality.

3.0 Ghana's Political Economy in the Post-Independence Period

Ghana achieved independence half a century ago, on March 6, 1957. Immediately after independence, the first government, led by Kwame Nkrumah, adopted policies with the objective of transforming Ghana into a "socialist state" (Nkrumah, 1968). A key feature of Nkrumah's "socialist" policies was the massive public investments in health, education, housing, roads, ports, and communications. The number of primary schools in Ghana increased from 154,360 in 1951 to 481,500 in 1961; middle schools increased from 66,175 to 160,000; secondary and technical schools increased from 3,559 to 19,143. The University of Cape Coast and the Kwame Nkrumah University of Science and Technology were established to train Ghanaians in human resource development and in science and technology. In 1951 there were only 208 university students in Ghana. In 1961, the number had increased to 1,204. In the health sector, the number of hospital beds increased from 2,368 in 1951 to 6,155 in 1961; rural and urban clinics increased from 1 to 30; doctors and dentists increased from 156 to 500. There were similar investments in transport, communications and electricity. The state was also heavily involved in "directly productive" activities in agriculture, manufacturing and services sectors as part of its import substitution strategy and controlled a large share of international trade. In Nkrumah's Seven Year Development Plan, 62 percent of total investments were to go into the provision of social services while the remainder (i.e., 38%) was to go into the "directly productive sector". The state controlled 41 percent of imports and over 60 percent of exports.

Nkrumah saw the need to involve the state in all forms of economic activities to ensure that all groups in society benefit equitably from the country's natural resources and from economic growth. Huge investments also went into the building of economic

infrastructure such as roads, ports, communications facilities and factories with the aim of achieving economic independence to complement the political independence.

As a result of the massive investment in economic infrastructure and social services, formal wage employment in Ghana grew rapidly and living standards improved steadily in the first few years after independence. For instance, in 1960, just four years after independence, Ghana's real GDP per capita was estimated at US\$1,049 (in purchasing power parity) compared to US\$690 for the Republic of Korea at the time.

To protect workers who were leaving their villages to take jobs in the rapidly developing economy, Ghana joined the International Labour Organisation in 1957 and ratified all relevant conventions including the core conventions concerning freedom of association and collective bargaining, abolition of forced labour and discrimination in employment and occupation. It is worth noting that out of the 46 ILO Conventions ratified by Ghana since 1957, 35 (or three-quarters) were ratified by Nkrumah's Convention People's Party (CPP) Government.

Nkrumah was overthrown in February 1966 by a military junta along with his socialist development plans. The economy started to decline. The economic decline persisted throughout the 1970s. By 1983, annual inflation, which was less than one percent in 1960, had reached 123 percent. Between 1971 and 1983, total agricultural output declined by 11 percent and cocoa output declined by 60 percent. Industrial output in 1983 was just about half the level at the beginning of the 1970s and Ghana's GDP, the overall measure of economic performance, declined by 16 percent during the period. The severe recession had adverse impact on employment and real wages.

The Provisional National Defence Council (PNDC), led by Jerry Rawlings, seized power in 1983 and introduced the World Bank/IMF-sponsored economic reforms which entailed a cut in social spending, flexible exchange rate, public sector employment and wage reforms, privatisation of state-owned enterprises, trade liberalisation and deregulation, among many other measures. The economic reform programme was introduced in three phases. The first phase, known as the Economic Recovery Programme (ERP) lasted from 1984 to 1986. Policies implemented in the first phase aimed at stabilising the economy. A major policy implemented during this phase was exchange rate reform which involved a shift from fixed to flexible or market-determined exchange rate. Other policies that were implemented during the first phase included increases in prices of petroleum products and utilities (water and electricity). The second phase (1987-1989) was known as the Structural Adjustment phase. Among the major policies implemented during this phase was the privatisation of state enterprises. It was at this stage that the radical public sector employment and wage reforms characterised by the mass lay-off of public sector workers were implemented. The third phase was known as the Enhanced Structural Adjustment Programme (ESAP). It was implemented between 1989/90 and 1997. The key policy introduced at this stage of the economic reforms was the liberalisation of trade purportedly aimed at integrating the Ghanaian economy into the global economy. The policies implemented during the third phase of the reform aimed at deregulating the labour, commodity and foreign exchange markets. Tariff and non-tariff

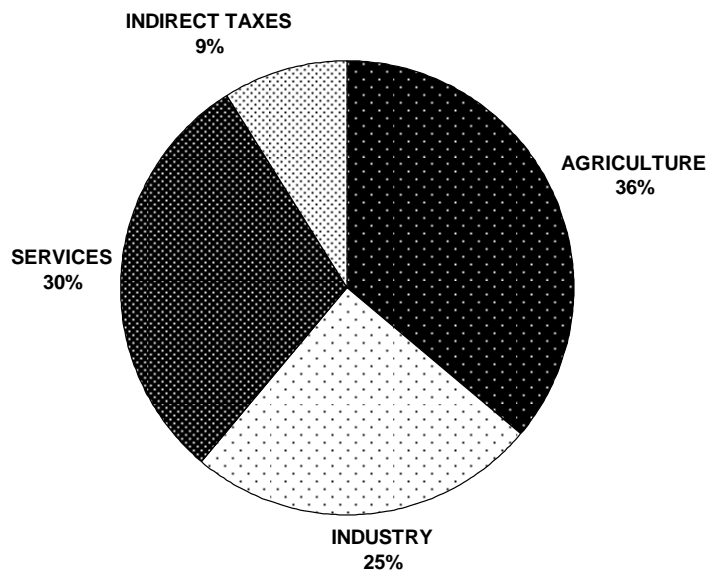
barriers were reduced, price controls and interest rate ceilings were abolished and privatisation of state-owned enterprises, which was introduced in the second phase, continued. Between 1987 and 2000, over 300 state enterprises were privatised, according to reports published by the Divestiture Implementation Committee (DIC) in 2000.

Despite the steady GDP growth over the past two decades, the Ghanaian economy is still fragile (Killick, 2000). In spite of the severe budget cuts in social expenditure, inflation and interest rates remained high throughout the 1990s. Currently, inflation in Ghana is hovering around 10% (which is relatively low compared to the inflation in the 1990s) but the average interest rate is over 20 percent. The value of the Cedi (Ghanaian currency) declined from ₵3.45 per US dollar in 1983 to ₵9,200 per dollar at the end of 2006.

A key objective of the privatisation policy was to attract foreign direct investment. As mentioned above, between 1987 and 2000, over 300 state-owned enterprises were privatised, according to report published by the Divestiture Implementation Committee's (DIC) in 2000. Ghana's investment code was revised in 1994 and export processing zones were introduced in 1995. But, after two decades the FDI flows to Ghana constitute just about one percent of all FDI flows to Sub-Saharan Africa (World Bank, 2001). Agriculture continues to be the backbone of the economy, even though almost all the major economic policies have sought to reduce the share of agriculture in GDP in favour of industry. Between 2000 and 2006, agriculture contributed over a third of Ghana's GDP. The shares of industry and the services sectors were 25 and 30 percent, respectively (see chart below). Ghana still depends on cocoa, coffee and gold for foreign exchange (see table 1 below).

Chart 1

AVERAGE SHARE OF MAIN SECTORS IN GDP (2000-2006)



Source of data: ISSER (2006), p.6. Original Source: Bank of Ghana

Table 1: Main Merchandise Exports (2005)

Commodity	Earnings (US\$ Million)	Share of Total Export Earnings (%)
Cocoa beans and products	843.2	30.8
Minerals (Gold, Diamond, others)	1,034.2	37.8
Timber and Timber products	226.8	8.3
Other Exports	720.7	26.3
Total	2,736.6	100

Note: Figures are up to October 2005

Source: ISSER (2006), p.93. Original source: Bank of Ghana

4.0 Growth Without Social Development

Ghana's economy has been growing at an average rate of five percent per annum since the mid-1980s. Table 2 shows the growth rates of GDP and the major sectors of the economy between 1984 and 2006. As we can see from the table, Ghana's economy (as measured by the GDP) grew by an average of five percent per annum between 1984 and 2006. Agriculture grew by an average of 3.6 percent during the period while industry and services grew by six percent. These growth rates are significant by any standard given that Ghana experienced negative growth in the second part of the 1970s through to the early 1980s.

Table 2: GDP and Sector Growth Rates (1984 – 2006)

Year	Agriculture (%)	Industry (%)	Services (%)	GDP (%)
1984	9.7	6.6	9.1	8.6
1985	0.6	7.5	17.6	5.1
1986	3.3	6.5	7.6	5.2
1987	0.0	9.4	11.5	4.8
1988	3.6	7.8	7.3	5.6
1989	4.2	5.8	4.1	5.1
1990	-2.0	8.8	5.4	3.3
1991	4.7	6.3	3.7	5.3
1992	-0.6	7.7	5.8	3.9
1993	2.5	7.2	4.3	5.0
1994	1.0	5.0	1.3	3.8
1995	4.2	4.9	3.3	4.5
1996	4.0	4.2	6.3	5.2
1997	3.3	5.7	6.2	5.1
1998	5.1	3.2	6.0	4.7
1999	3.9	4.9	5.0	4.4
2000	2.1	3.8	5.4	3.7
2001	4.0	2.9	5.1	4.2
2002	4.4	4.7	4.7	4.5
2003	6.1	5.1	4.7	5.2
2004	7.5	5.1	4.7	5.8
2005	6.5	5.6	5.4	5.8
2006	5.7	7.3	6.5	6.2
Average	3.6	5.9	6.1	5.0

Source: World Bank (1991), Ghana Progress on Adjustment; Budget Statement 1994 & 1995) Ministry of Finance

Adherents of the neo-liberal tradition attribute the steady growth to the economic reforms discussed above. But the political stability Ghana has enjoyed since 1982 may better explain the steady growth. We do not intend to join the debate on the sources of growth in this paper. What is clear and amply supported by data is that the economic and social benefits from growth have not been equitably shared. The Core Welfare Indicator Questionnaire Surveys (CWIQ) conducted in 1997 and 2003 by the Ghana statistical Service (GSS) show the inequities in access to education, health and other social amenities.

In this section, we assess the level of social development in Ghana after two decades of economic growth. Our analysis of social development is based on data available in the Core Welfare Indicators Questionnaire (CWIQ) Surveys. Among the social development indicators discussed are: access to food, education, health, water, electricity, toilet and sanitation facilities and nutrition/malnutrition among children, social security, job security, income security and the level of income inequality.

4.1 Access to Basic Social Services

With regard to access to health, in 1997 (over 10 years of consistent economic growth), whereas 60 percent of urban households had access to formal health facilities only 23 percent of the rural poor had access to similar facilities. The 1997 survey also revealed that less than a third of the Ghanaian population used health services. The 1997 CWIQ report (p.9) notes that “the usage of health facilities in Ghana is low among all households, particularly in rural areas. The primary reason for the low usage is the high cost of treatment. Cutbacks in health programmes lead to the increasing cost of health programmes [as part of the structural adjustment programme] lead to the increasing cost of health services in Ghana. Additionally, the introduction of user fees for public hospitals [also as part of the structural adjustment programme] has made it necessary for most poor households to seek alternative medicine (for example, traditional healers)”. It is further noted in the report that “about one-fifth [of the Ghanaian population] do not use medical services because such facilities are too far from their homes”.

In the 2007 Government Budget Statement, the Minister of Finance and Economic Planning announced that the cases of guinea worm disease increased from 2,947 in 2005 to 2,968 in 2006. It is important to note that, after twenty years of economic growth, Ghana is one of the few countries in the world still recording cases of the guinea worm disease.

On access to water, the 1997 CWIQ revealed that only one third of all housing units in Ghana had piped-water. Again, inequities in access to piped water were revealed. Whereas 75 percent of urban households had access to piped water only 10 percent of the rural poor households had access to piped water. The survey further revealed that only 16 percent (of urban households) had flush toilets and that flush toilets were non-existent in rural areas. Only one percent of rural households surveyed in 1997 had electricity. The most common types of lighting and cooking fuel were kerosene/gas and oil. Over 9 out of 10 rural poor households used wood as their cooking fuel.

Although the economy continued to grow, the socio-economic situation had not changed much by 2003. As shown in Table 3 (below), a significantly large section of the Ghanaian population lacks access to basic household facilities such as electricity, housing, water and sanitation. According to the 2003 CWIQ survey, the mean size of Ghanaian households was four. But, as shown in table 3, 45 percent of households lives in one-room houses and 27 percent lives in two-room houses. Put differently, 72 percent of households live in either one or two-room houses –an indication of overcrowding in

households, 42 percent of the population had access to electricity, 13 percent had access to piped water in their houses, 29 percent had no access to toilets in their households and only four percent had their refuse collected.

Table 3: Access to household facilities

Facility	Households with Access to facility (%)
Access to Housing	
Households in one-room houses	45
Households in two-room houses	27
Households in three-room houses	13
Access to Electricity	
Main fuel used for lighting is kerosene/parafin	57
Mains electricity	42
Access to Water	
Piped water available in the house	13
Water from outdoor public tap water	21
Water from borehole	31
Water from Protected well	7
Water from Unprotected well, rain water	2
Water from river, lake, pond	19
Water from Vendor, Truck	2
Other sources of water	4
Access to toilet facilities/Sanitation	
No toilet	29
Flush toilet to sewer	7
Pan or bucket	2
Covered pit latrine	13
Uncovered pit latrine	21
Ventilation Improved pit latrine	28
Other forms of toilet	1
Main Disposal of refuse	
Refuse collected	4
Refuse burned by household	8
Public dumped	56
Dumped elsewhere	29
Buried by household	3
Other	0.2

Source: Calculated from the Ghana Statistical Service (2005), Ghana 2003 Core Welfare Indicators Questionnaire (CWIQ II) Survey Report, Statistical Abstract, Table 8.1 p. 143

4.2 Food Security

In the 2003 CWIQ survey respondents were asked whether they had difficulty in satisfying their food needs in the year preceding the survey (i.e., 2002). Approximately 40 percent reported that they “sometimes” faced difficulties, 9.4 percent reported that they had difficulties “often” and 3.4 percent said they had difficulties “always”. Only 34 percent of those surveyed said they “never” had difficulties in meeting their food needs. In one region (Upper East Region) in the savannah zone, 46.7 percent of the households reported that they “sometimes” had difficulties in meeting their food needs, 18.2 percent said they “often” had difficulties and, 22.2 percent said they “always” had difficulties. Only 6.4 said they “never” had difficulties and 6.5 percent said they “seldom” had difficulties (see table 4 below).

The poor access to food explains the relatively high incidence of malnutrition among Ghanaian children (aged below 5 years). According to the 2003 CWIQ survey, one out of every three children in Ghana were “stunted” (i.e., children that are short for their age), 15.5 percent were “wasted” (i.e., underweight for their height), and one out of every four children were “underweight” (i.e., they are underweight for their age). (See table 5).

Table 4: Households by occurrences of difficulty in satisfying the food needs in the year preceding the survey (percent)

	Never	Seldom	Sometimes	often	Always
Ghana	33.7	13.8	39.6	9.4	3.4
Rural	31.8	13.6	40.8	10	3.9
Urban	36.1	14.1	38.2	8.7	2.9
Regions/Provinces					
Western	35.8	10.5	44.2	7.2	2.3
Central	37.6	13.1	38.9	8.2	2.1
Greater Accra	33.4	14.0	40.5	9.5	2.7
Volta	23.2	14.3	40.6	13.5	8.4
Eastern	28.5	12.4	48.2	9.1	1.7
Ashanti	40.8	12.8	34.1	10.2	2.0
Brong Ahafo	49.5	21.5	23.6	4.5	0.9
Northern	30.6	18.1	42.7	6.2	2.5
Upper East	6.4	6.5	46.7	18.2	22.2
Upper West	11.5	9.0	56.2	18.9	4.4

Source: Ghana Statistical Service (2005), Ghana 2003 Core Welfare Indicators Questionnaire (CWIQ II) Survey Report, Statistical Abstract, Table 10.1 p. 188-189

Table 5: Malnourishment among children aged 0-59 months (below 5 years)¹

Type of Locality	Stunting	Severely Stunted	Wasting	Severely Wasted	Underweight	Severely Underweight
GHANA	32.4	12.1	15.5	6.0	25.8	6.6
Rural	33.7	12.8	12.9	5.2	24.4	6.7
Urban	30	10.9	20.2	7.4	28.4	6.4

Source: Authors' calculation based on data in Ghana 2003 Core Welfare Indicators Questionnaire (CWIQ II) Survey Report, Statistical Abstract, Table 6.2 p. 103

4.3 Education

According to the 2003 CWIQ survey data, 54 percent of Ghanaians aged above 15 years were literate (i.e., they cannot read and write in any language). The literacy rates among males and females were 66.2 and 42.5 percent respectively. The literacy rates for urban and rural areas were 70 and 40 percent respectively. The gender discrimination in education is very obvious in rural areas. Fifty-three percent of males in rural areas were found to be literate, compared to 28 percent of females in rural areas. Table 6 (below) clearly shows the inequalities across gender and across regions. Whereas the literacy rates are lower than 50 percent in the three northern regions (Northern, Upper East and Upper West), they are higher than 50 percent in seven southern regions. An important point worthy of note is that after half a century of independence almost half of all Ghanaians cannot read and write.

The weak link (if any) between economic growth and social development can be appreciated when we look at the literacy rates among the youth who are between the ages of 15 and 19 years (who were born during the economic growth period: 1984 – 2006). According to the 2003 CWIQ survey data, as recently as 2003, more than a quarter (26.9%) of all Ghanaians between 15 and 19 years of age could not read and write in any Ghanaian language or in English. Among the rural youth 38 percent could not read and write and among the urban youth 15 percent were illiterate. This is a clear indication that social development does not automatically follow economic growth as neoclassical theorists would like us to believe.

¹ **Stunted children** are short for their age. Their height is more than two standard deviations below the United States National Center for Health Statistics (NCHS) standard weight for height. Children are **severely stunted** if their height is more than three standard deviations below the NCHS standard height for age.

Wasted children are underweight for their height. Their weight is more than two standard deviations below the NCHS standard weight for age. Children are **severely wasted** if their weight is more than three standard deviations below the NCHS weight for height.

Underweight children are underweight for their age. Their weight is more than two standard deviations below the NCHS standard weight for age. Children are **severely underweight** if their weight is more than three standard deviations below the NCHS standard weight for age.

Table 6: Literacy rates for persons 15 years or older (2003)

Type of Locality	All	Males	Females
GHANA	53.7	66.2	42.5
Rural	40.1	53.0	28.4
Urban	69.9	82.3	59.1
REGIONS			
Western	73.3	81.9	64.4
Central	71.8	80	64.1
Greater Accra	86.9	91.2	83.0
Volta	62.9	74.5	68.7
Eastern	74	80.8	67.3
Ashanti	75.1	82.2	68.8
Brong Ahafo	62.0	69.8	54.2
Northern	36.2	43.8	26.9
Upper East	46.1	49.3	42.4
Upper West	46.4	48.0	44.6

Source: Calculated from the Ghana Statistical Service (2005), Ghana 2003 Core Welfare Indicators Questionnaire (CWIQ II) Survey Report, Statistical Abstract, Table 3.1 p. 21

4.4 Employment Security

Over 80 percent of Ghana's 10 million labourforce is engaged in the informal segment of the economy where employment is not secure. Thus, less than one fifth of the labourforce is employed in the formal sector where employment is relatively secure, earnings are relatively high (compared to earnings in the informal economy), workers have access to social security, health and safety standards are higher and working conditions are regulated in accordance with national labour laws and international standards.

The share of the formal sector is not only small, compared to the share of the informal sector, but also its share in total employment has been declining since the late 1980s due to the mass lay-offs in the public sector and privatisation of state enterprises, as part of the structural adjustment programme. Using the Ghana Living Standard Surveys, Teal (2000) estimated the share of formal sector employment at 17 and 18 percent of the total workforce in 1988/89. His results are reported in table 7 below. In 1992, the share of the formal sector in total employment had reduced to 15 percent and between 1992 and 1999 it reduced further to 13 percent. As we can see from Table 7 below, the share of public sector (including state enterprises) declined from 10 to 6.5 percent between 1988 and 1999. In 1988 state enterprises employed 123,000 workers or 1.9 percent of the total workforce. By 1999 employment in state enterprises had reduced to 53,000 representing only 0.6 percent of the total workforce. This was only 43 percent of total employment in state enterprises a decade earlier. The loss of over 70,000 jobs in the state enterprises between 1988 and 1999 was the result of the mass redundancies and privatisation of enterprises. According to a Divestiture Implementation Committee (DIC) report published in 2000, 321 state enterprises were privatised between 1987 and 2000.

Agriculture (which is largely informal) remains the source of employment for nearly half of the labour force, the trade sector employs a little over one-third, and the community and social services sector employs approximately 19 percent of the total labour force (see Table 8).

A further analysis of the available employment data shows differences in labour market opportunities by gender. A higher percentage of males are employed in the formal sector compared to females (see Table 9). Among males in the workforce, 21 percent are employed in the formal sector compared to 9.5 percent of their female counterparts employed in the formal sector. The public sector employs 10 percent of males and 4 percent of females in the workforce.

The smaller proportion of females in formal employment could be partly attributed to discrimination in favour of males on the basis of tradition, custom or culture. In Ghana, like many other African countries, females are required by tradition to engage in non-market activities thereby leaving very little time for them to acquire the level of human capital required for formal jobs. An analysis of the 2003 CWIQ data shows that, 18 percent of the total population (males and females) had attained secondary school or higher qualification. Among males, one out of every five (21.4%) had secondary or higher education compared to 14 percent of females who have that level of education. The lower level of education among females may partly explain the lower proportion of females in formal employment.

Table 7: Employment in Ghana

Employment Status	1987/88		1988/89		1991/92		1998/99	
	%	000s	%	000s	%	000s	%	000s
Government	8	518	7.9	530	7.8	579	5.9	521
State Enterprises	1.9	123	2.3	154	1.2	89	0.6	53
Private Formal Sector	7.4	480	7.9	530	6.4	475	6.7	592
Total Formal Employment	17.3	1,121	18.2	1,214	15.4	1,143	13.2	1,166
Self-employed	19.5	1,264	24.2	1,620	23.5	1,734	27.3	2,411
Unpaid Family	2.2	143	1.1	74	1.3	96	0.3	26
Agriculture	58.7	3,804	54.6	3,664	56.7	4,207	55.7	4,918
Unemployed	2.2	143	1.9	127	3.2	237	3.5	309
Informal workforce & Unemployed	82.7	5,354	81.8	5,485	84.6	6,274	86.8	7,664
Total Labour Force	100	6,475	100	6,699	100	7,417	100	8,830

Source: Teal (2000)

Table 8: Distribution of Workforce by Industrial sector for those (15 years and above)

Sector	Share of Total Workforce		
	Total	Rural	Urban
Agriculture/Forestry/Fishing	44.5	66.1	15.4
Mining & Quarrying	0.9	0.8	1.1
Manufacturing	6.4	5.0	8.2
Construction	3.9	3.0	5.1
Trade (Wholesale & Retail)	22.3	14.7	32.6
Transport/Communications/Utilities	3.3	1.7	5.5
Finance/Insurance/ Real Estate	7.6	3.5	13.2
Community & Social Services	11.1	5.2	18.9
Total	100	100	

Source: Core Welfare Indicator Questionnaire Survey (2003)

Table 9: Distribution of the Workforce by Sex, Sector and Employer (%)-2003

Category	Public	Private formal	Private Informal	Semi-Public/Parastatal	NGO/International Organisations	Others	Total
Male	10.2	9.5	78.6	0.6	0.2	0.1	100
<i>Agriculture</i>	7.2	14.2	60.2	23.0	10.7	39.2	50
<i>Industry</i>	5.2	32.6	14.4	25.3	15.5	17.0	15
<i>Services</i>	87.4	53.4	25.5	51.8	73.7	43.8	35
Female	4.4	3.7	90.5	0.2	0.1	1.1	100
<i>Agriculture</i>	4.8	16.6	42.1	24.0	8.0	38.0	39.0
<i>Industry</i>	2.2	12.8	7.5	16.6	6.2	5.0	8.0
<i>Services</i>	92.9	70.6	50.2	59.4	85.7	57.0	52.0

Source: Twerefou, Ebo-turkson and Osei Kwadwo (2007)“ Labour Market Flexibility, employment and income security in Ghana, ILO Employment Policy Papers 2007/1, p.13, table 2.8. Original source: Ghana Statistical Service (2003).

4.5 Social Security

Ghana has had a social security scheme since 1965. The scheme started as a provident fund in 1965 by Nkrumah's Government and in 1991 it was transformed into a pension fund. It scheme, currently known as the Social Security and National Insurance Trust (SSNIT) was established in 1991 by the Provisional National Defence Council (PNDC) Law (PNDCL 247). It is defined benefit scheme which covers three contingencies namely pension, invalidity and survivors' (which is paid to beneficiaries of contributors upon their death). The scheme is funded mainly from contributions by workers and their employers in the formal sector. Employers (in the formal sector) are required to register their employees and to contribute 12.5 percent of every employee's basic salary into the fund while workers are required to contribute 5 percent of their basic salaries. The total deduction of 17.5 percent is paid by the employer to the scheme monthly.

Informal economy operators and workers are allowed to join the scheme. But, unlike the formal sector workers and employers who are required by law to contribute to the scheme, contribution by informal economy operators and workers is required by law.

Contributors are required to contribute for a total of 240 months or 20 years, among other requirements in order to qualify for pension when they retire (at the age of 60 years in the case of a normal pension or 55 years for reduced pension). The calculation of pension is based on 50 percent of the average basic pay of the 'best' 36 months or three years of contributors' working life, in terms of the level of pay.

At the end of 2004, the total number of contributors was 1,068,728, according to SSNIT (see table 10). Out of this number only 7000 (0.65%) were working in the informal economy. Thus, over 99 percent of the contributors were in formal employment. In 2004, the total workforce in Ghana was estimated at 10 million. This means just around 10% of the total workforce had access to social security.

There is also a gender dimension to social security. At the end of 2004, 66,971 were on pension under the SSNIT scheme. Out of this number only 7,326 (11%) were females and 59,645 (89%) were males. As mentioned above, a contributor is required to have contributed for a total of 20 years (240 months) before he or she can qualify for pension. Otherwise, one is paid a lump-sum. The lower proportion of females on SSNIT pension may be attributed to, first, lower participation of females in the formal sector and second, the inability of females to contribute for 240 months cumulatively, because of the higher probability among women to break their labour market participation in response to a family demand to either care for children or the elderly.

Table 10: Social Security Contributors

Year	Number of Active Contributors
1997	722 120
1998	767,155
1999	807,540
2000	850,778
2001	894,220
2002	941,782
2003	998,393
2004	1,068,728

Source: Social Security and National Insurance Trust (SSNIT) – the trust in perspective 1997 - 2004.

From the foregoing, it is clear that a tiny fraction of the Ghanaian population has access to social security. Baah (2004) attributes the low participation of informal economy workers, generally, and women in particular in the national social security scheme to the discrimination inherent in social security scheme in favour of males and formal sector workers. Since the social security scheme has been designed to favour formal sector workers and males, more workers are being excluded from social security as the formal sector in total employment declines and the share of the informal sector increases.

This analysis points to the need for some form of regulation is required to extend the coverage of social security to a larger proportion of Ghanaian workers, generally, and women in particular.

4.6 Income Security

In spite of the economic growth recorded in Ghana since 1984, real incomes in Ghana remain generally low in both absolute and relative terms. According the third and fourth Ghana Living Standard Surveys (GLSS III & IV), in 1992, the median nominal income earned from work for the total workforce was the equivalent of US\$25². In 1999, the median earning for the total workforce had declined to US\$22. Table 11 reports average median monthly earnings for the various categories of workers by industry, educational attainment, location (region/province), locality (urban/rural) and age group. In most cases we find that average incomes fell during the period between 1992 and to 1999.

The categories of workers who experienced increases in their average income include miners (\$75 to \$104 or 38% increase), utility workers (\$46 to \$84 or 83% increase), construction workers (\$51 to \$56 or 10% increase), transport workers (\$50 to \$57 or 14% increase), finance workers (\$63 to \$80 or 27%), and community and social services workers (\$55 to \$56 or 2% increase). Those with higher education also experienced an increase in their average earnings from \$88 to \$146 or 66 percent increase.

As we can see, workers who experienced increases in their earnings between 1992 and 1999 were those in the formal sector of the economy. Most of the categories of informal economy workers experienced a decline in their average earnings and, as shown in the table, on average, informal sector earnings declined from US\$20 to US\$18 or 10% decline while formal sector earnings increased by 12% from \$50 to \$56. It is noteworthy that between 1992 and 1999, the economy grew by an average of five percent as shown in table 2 above. Despite the growth, large sections of the workforce (mainly those in the formal sector) experienced a decline in their average earnings. This is a clear indication that the policies pursued in the 1990s favoured formal sector workers at the expense of informal sector workers.

² This was the median income for all workers, both the formal and informal sectors, who reported earnings from work in the previous 12 months preceding the survey. It is calculated based on the prevailing average exchange rate for the year which was c400/US\$1.

Table 11: Median Monthly Earnings (in US Dollars)

Characteristic	1992			1999		
	All workers	Informal Sector workers	Formal Sector workers	All workers	Informal Sector workers	Formal Sector workers
Private sector	-	-	40	42	-	42
Public	-	-	57	67	-	67
Male	31	21	50	28	18	61
Female	21	20	49	18	17	42
Age(15 to 24)	20	15	33	17	13	25
Age (25 to 35)	27	21	48	25	21	50
Age (36 to 50)	33	22	60	27	18	71
Age (Over 50)	25	19	59	17	14	71
Agriculture	14	13	43	10	10	30
Mining	75	40	108	104	50	108
Manufacturing	35	34	43	33	27	45
Utility	46	125	45	84	113	84
Construction	51	88	48	56	45	63
Trade	38	38	34	36	36	37
Transport	50	135	45	57	84	50
Finance	63	34	68	84	84	84
Comm.& soc. services	55	50	56	56	36	63
Urban	44	34	54	45	36	62
Rural	20	16	46	16	13	47
No education	20	20	38	15	14	37
Basic education	35	25	46	25	21	43
Medium Education	63	40	73	63	46	73
Higher Education	88	100	88	146	167	146
Accra	50	41	63	63	56	67
Western region	33	25	45	23	18	51
Central region	25	20	49	17	14	42
Eastern region	20	15	56	17	13	58
Volta	10	10	50	18	16	54
Ashanti	34	27	50	23	19	54
Brong Ahafo	25	21	48	28	27	42
Northern	25	20	42	11	10	53
Upper West	10	10	43	19	17	42
Upper East	20	20	52	7	6	62
<i>All</i>	<i>25</i>	<i>20</i>	<i>50</i>	<i>22</i>	<i>18</i>	<i>56</i>

Source: Baah (2005), Table 3A.2, p.287 (Original source: calculated from the Ghana Living Standard Survey (GLSS 3 & 4) Data)

An analysis of public sector pay in Ghana also shows a sharp decline in the 1990s. In a study of public sector pay across Africa by Kiragu and Mukanda (2004), it was revealed that the top public sector salary in Ghana declined from US\$6,261 in 1992 to US\$ 3,373 in 2000 (in purchasing power parity terms), representing a decline of 46%. Similarly, the bottom public sector pay declined from US\$555 to US\$252 – a decline of 55%, during the same period. Again, it is worthy of note that Ghana ranked among countries with the lowest public sector pay in Africa as shown in tables 12 and 13 below.

Table 12: Top Public Sector wages (per annum) in seven African Countries (1992-2000) in Purchasing Power Parity (PPP)

COUNTRY	TOP LEVEL PUBLIC SECTOR WAGES								
	1992	1993	1994	1995	1996	1997	1998	1999	2000
Botswana	51,643	51,966	46,192	48,106	42,858	41,856	46,091	42,083	40,235
Burkina Faso	10,901	11,207	6,351	7,065	7,168	6,282	6,215	6,403	5,537
Ghana	6,261	4,638	4,153	4,138	3,944	3,622	3,851	4,039	3,373
Senegal	7,460	6,972	3,824	4,353	4,247	3,722	3,683	3,529	3,180
Tanzania	10,427	8,847	5,158	6,782	11,493	10,890	10,961	9,782	12,744
Uganda	469	556	1,968	2,181	9,017	16,932	15,524	13,897	12,908
Zambia	14,409	6,329	5,309	7,197	5,672	5,234	3,695	4,034	3,114

Source: Kiragu K and Mukanda R (2004) "Reforming Pay Policy, Techniques, Sequencing and Politics" in Levy B., S.Kpundeh (editors), World Bank, Washington D.C. See also Price WaterHouseCoopers (2004) "Public Service Pay Policies" A Discussion Paper at the Dissemination Workshop, Accra

Table 13: Bottom Public Sector Wages in Seven African Countries (1992-2000) in Purchasing Power Parity (PPP)

COUNTRY	BOTTOM PUBLIC SECTOR WAGES								
	1992	1993	1994	1995	1996	1997	1998	1999	2000
Botswana	1,612	1735	1542	1606	1431	1397	1539	1405	1343
B.Faso	1806	1857	1052	1171	1188	1041	1030	1061	917
Ghana	555	411	368	367	349	321	341	358	252
Senegal	1968	1840	1198	1404	1370	1201	1188	1139	1076
Tanzania	372	392	229	406	703	666	718	641	686
Uganda	81	116	391	433	615	580	557	522	508
Zambia	690	424	355	482	387	379	267	292	241

Source: Kiragu K and Mukanda R (2004) "Reforming Pay Policy, Techniques, Sequencing and Politics" in Levy B., S.Kpundeh (editors), World Bank, Washington D.C. See also Price WaterHouseCoopers (2004) "Public Service Pay Policies" A Discussion Paper at the Dissemination Workshop, Accra

4.7 Income Inequality

Income inequality is an important socio-economic indicator used in the assessment of social development. Based on the income and expenditure data for 1992 and 1999 household surveys, the Ghana Statistical Service calculated the Gini Coefficient indices for Ghana as 0.48 in 1992 and 0.60 in 1999. These indices translate into the distribution of income for 1992 and 1999 shown in Table 14 (below). In 1992, the share of the poorest 10 percent of income earners in total income was 1.2 percent compared to 36 percent share for the top 10 percent of income earners. In 1999 the share of the poorest 10 percent of income earners had reduced from 1.2 to 0.3 percent of the total income while the share of the top 10 percent of income earners had increased from 36 to 43 percent. Thus, poor people were squeezed further downwards. The Lorenz curves (shown in the chart below) for the income distribution for the two years illustrates the increased income inequality during the 1990s (Note that the closer the curve is to the “equality line” the lower the inequality and vice versa).

The increase in the Gini Index from 0.48 to 0.60 did not only indicate a widening of income gaps in Ghana during the 1990s but also it placed Ghana among the countries with the highest income inequality in the world. As shown in the table 15 below, with Gini Index of 0.60 ranked higher on the league table of most unequal countries in the world compared to South Africa (with Gini coefficient of 0.59) and United States (with Gini coefficient of 0.41).

The foregoing clearly illustrates that the relatively high economic growth in Ghana in the 1990s matched an increased inequality. As Fielding (2000) rightly pointed out such “inequality reduces the average material well-being of a country”. Fielding argues that “effective development policy in any country requires an understanding both of the impact of inequality on income and of income on inequality” and that “...these relationships are particularly relevant to the causes of low income in Africa”.

Ghana’s experience shows that income inequality will not automatically reduce with economic growth. The only way to reduce income inequality is to put in place measures that will ensure that all socio-economic groups have the opportunity to participate effectively in the production and development processes and that the benefits from growth are equitably shared among all socio-economic groupings including those with low and no productive capacity such as the disabled, children and the elderly. That is where the ILO Decent Work Agenda becomes relevant. As explained earlier, the Decent Work Agenda emphasises employment, social protection, rights at work and social dialogue. Countries that consciously adopt and implement the Decent Work Agenda are likely to reduce income inequality through the provision of jobs with higher quality.

Table 14: Distribution of Income in Ghana (1992 & 1999)

Deciles	Share of total income (percent)	Cumulative share of total income (percent)	Share of total income (percent)	Cumulative share of total income (percent)
	1992		1999	
1 st (lowest 10%)	1.2	1.2	0.3	0.3
2 nd	2.6	3.8	1.2	1.5
3 rd	3.8	7.5	2.3	3.8
4 th	4.9	12.5	3.4	7.2
5 th	6.1	18.6	4.8	12.0
6 th	7.5	26.1	6.5	18.5
7 th	9.3	35.4	8.8	27.3
8 th	12.0	47.3	12.1	39.4
9 th	16.7	64.0	18.5	57.5
10 th (highest 10%)	36.0	100	42.5	100

Source: GLSS 3& 4

Chart 2:

COMPARING INCOME DISTRIBUTION OF 1992 AND 1999

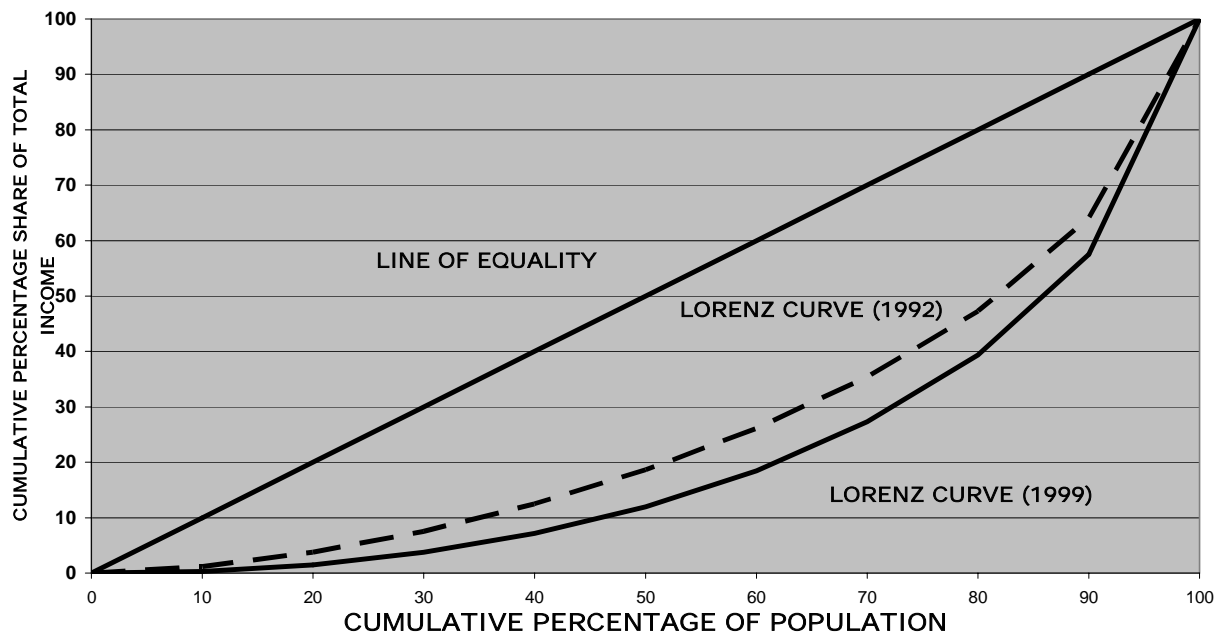


Table 15: Income Inequality in Selected Countries

Rank	Country	Countries With High Income Inequality			Countries with Low Income Inequality			
		Gini Index	The share of the bottom 20% of the Population	The Share of top 20% of the population	Country	Gini Index	The share of the bottom 20% of the Population	The Share of top 20% of the population
1	Sierra Leone	62.9	1.1%	63.4%	Slovakia	19.5	11.9%	31.4%
2	Central African Rep.	61.3	2.0	65.0	Belarus	21.7	11.4	33.3
3	Swaziland	60.9	2.7	64.4	Hungary	24.4	10.0	34.4
4	Brazil	60.7	2.2	64.1	Denmark	24.7	9.6	34.5
5	Nicaragua	60.3	2.3	63.6	Japan	24.9	10.6	35.7
6	Ghana	60.0	1.5	60.6	Sweden	25.0	9.6	34.5
7	South Africa	59.3	2.9	64.8	Czech Rep.	25.4	10.3	35.9
8	Paraguay	57.7	1.9	60.7	Finland	25.6	10.0	35.8
9	Colombia	57.1	3.0	60.9	Norway	25.8	9.7	35.8
10	Chile	56.7	3.3	61.0	Bulgaria	26.4	10.1	36.8
11	Honduras	56.3	2.2	59.4	Luxembourg	26.9	9.4	36.5
12	Guinea Bissau	56.2	2.1	58.9	Italy	27.3	8.7	36.3
13	Lesotho	56.0	2.8	60.1	Slovenia	28.4	9.1	37.7
14	Burkinala	55.8	3.8	60.6	Belgium	28.7	8.3	37.3
15	Burkina Faso	55.1	4.6	60.4	Egypt	28.9	9.8	39.0
16	Mexico	53.1	3.5	57.4	Rwanda	28.9	9.7	39.1
17	Zambia	52.6	3.3	56.6	Croatia	29.0	8.8	38.0
18	Hong Kong, China	52.2	4.4	57.1	Ukraine	29.0	8.8	37.8
18	El Salvador	52.2	3.3	56.4	Germany	30.0	8.2	38.5
20	Papua New Guinea	50.9	4.5	56.5	Austria	31.0	6.9	38.0
21	Nigeria	50.6	4.4	55.7	Romania	31.1	8.0	39.5
22	Mali	50.5	4.6	56.2	Pakistan	31.2	9.5	41.1
22	Niger	50.5	2.6	53.3	Canada	31.5	7.5	39.3
24	Gambia	50.2	4.0	55.3	South Korea	31.6	7.5	39.3
25	Zimbabwe	50.1	4.7	55.7	Poland	31.6	7.8	39.7
26	Venezuela	49.5	3.0	53.2	Indonesia	31.7	9.0	41.1
27	Malaysia	49.2	4.4	54.3	Latvia	32.4	7.6	40.3
28	Russia	48.7	4.4	53.7	Lithuania	32.4	7.8	40.3
29	Panama	48.5	3.6	52.8	Spain	32.5	7.5	40.3
30	Cameroon	47.7	4.6	53.1	Netherlands	32.6	7.3	40.1
31	Dominican Republic	47.4	5.1	53.3				

* Note: The Gini Index of the USA is 0.41. The bottom 20% of its population receives 5.2% of the total income; the richest 20% receives 46.4%; **Source:** The Source of Ghana's Gini Index is the GLSS (IV) 1999. The source of the other Gini Indices is the World Development Index 2002, The World Bank

4.8 Poverty

The 1992 and 1999 Ghana Living Standards Surveys revealed the extent of poverty in Ghana. On the basis of the data gathered in the surveys nutrition-based national poverty lines were determined. The 1992 survey showed that 51 percent of Ghanaians were surviving under the poverty line, after almost ten years of economic growth. The incidence of poverty reduced to 43 percent in 1999. But the national averages are not a true reflection of the situation on the ground because of the wide disparities in the poverty situation across the regions. As we can see from table 16 below, the incidence of poverty averaged 72 percent in 1992 in the three northern regions (Northern, Upper East and Upper West). In 1999, the average incidence of poverty in these three regions increased to 83 percent even though the economy kept growing at the same pace of five percent during the period. The implication is that many more individuals in the northern part of the country suffered poverty, if we consider that the population grew during the period.

Table 16: Incidence of Poverty in Ghana by Administrative Region

Region/Province	Incidence of Poverty	
	1991/1992	1998/1999
Western	58	26
Central	42	49
Greater Accra	25	7
Eastern	48	48
Volta	56	38
Ashanti	40	38
Brong Ahafo	65	39
Northern	63	70
Upper West	88	88
Upper East	65	90

Source: Ghana Living Standard Survey (3 and 4), Ghana Statistical Service, Accra

A further analysis of the household data shows similar levels of poverty across socio-economic groups. The table below shows the proportion of workers in the 1999 survey that reported earnings that were below the official national poverty line (which was US\$31 per month or \$376 per annum) and the national monthly minimum wage (fixed by the National Tripartite Committee which was \$33 per month or \$1.22 per day). The figures were calculated from the fourth Ghana Living Standard Survey data conducted in 1998/99.

As shown in the table, 59 percent of the total workforce reported earnings that were below the national poverty line in 1999. Even among formal sector workers, one in every four (25%) reported earnings that were below the poverty line and among informal sector workers, two-thirds (66 percent) reported incomes that were below the poverty line.

Among some categories of workers, over 70 percent earned incomes that were below the poverty line. These include young workers (15 – 19 years), agricultural workers, rural workers, unskilled workers (those without formal education), workers in the Northern region and those in Upper East region.

Before we conclude this section, it is important to note the differences in the incidence of poverty across regions/provinces (see table 16 above) and across the various categories of workers (see table 17 below). Greater Accra (the capital city region) stands out clearly as a low-poverty region with 7 percent of the population under the poverty line in 1999 compared to over 90 percent in the Upper East region. Among the various categories of workers, the lowest incidence of poverty was found among public sector workers (mainly in the community, social and personal services), miners, finance workers, and those who have higher education. Significantly, the incidence of in-work poverty among workers in the unionised sector of the economy is among the lowest (11%), compared to those in the non-unionised sector (63%). We attribute this to the workers' right to form unions and bargain collectively. This point will be discussed further in the paper.

Table 17: Proportion of Workforce below Poverty Line and Minimum Wage (1999)

Characteristic	Percent of labour force whose earnings are below the Minimum wage = US\$33\$ (in 1999)	Percent of labour force whose earnings are below the national Poverty line = US\$31 (in 1999)
Formal Sector	25	24
Informal Sector	66	65
Public Sector	12	11
Private Sector	63	62
Unionised Sector	11	9
Non-unionised Sector	63	63
Male	53	52
Female	64	64
Age (15-24)	71	71
Age (25-35)	56	57
Age (36-50)	54	53
Age (over 50)	64	64
Agriculture	81	80
Mining	7	7
Manufacturing	50	50
Utility	23	18
Construction	32	30
Trade	43	57
Transport	22	22
Finance	7	7
Community & Social Services	25	24
Urban	37	37
Rural	71	70
No Education completed	72	71
Completed Basic Education	43	56
Completed Medium Education	22	21
Completed Higher Education	3	3
Western Region	58	57
Central Region	68	68

Accra Region	23	22
Eastern Region	69	68
Volta Region	69	68
Ashanti Region	43	57
Brong Ahafo Region	54	52
Northern Region	72	71
Upper West Region	60	60
Upper East Region	86	84
All Labour Income Earners	59	58

Sources: The source of the labour income is the GLSS4. The poverty line is the official one based on the expenditure data in GLSS4. Minimum wage figures were obtained from Ghana Trades Union Congress.

5.0 Assessment of People’s Perception of their Socio-Economic Status

So far we have demonstrated that Ghana’s remarkable economic performance in the past two decades has not improved the lot of the majority of Ghanaians. Put differently, Ghana experienced economic growth without social development. The 2003 CWIQ further corroborates our argument. Respondents covered by the survey were asked to compare their economic situation between 2003 (the survey year) and 2002 (the year preceding the survey). Over half (51.5%) of the total sample of household surveyed reported that they were “worse than a year ago”; 18.2 percent said they were “much worse” and 33 percent reported that they were “a little worse”. On the positive side, 27 percent said their economic situation was “Better than a year ago”, 25 percent said their situation was “a little better”. Only 2 percent said their situation was “much better”. About one-fifth (21.2%) experienced “no difference” in their economic situation in the previous year before the survey (see table 18 below). Again, it is important to draw attention to the fact that in those two years (i.e., 2002 and 2003) the economy grew by 4.5 and 5.2 percent respectively.

Table 18: Households Perceptions of their Economic Situation Compared to One year Ago (Percent)

	Worse than a year ago			Better than a year ago			No difference	
	Total	Much Worse	A Little worse	Total	A little better	Much better	Same	Don’t know
Ghana	51.5	18.2	33.3	27.0	25.0	2.0	21.2	0.4
Rural	51.6	17.7	33.9	28.9	26.8	2.1	19.1	0.3
Urban	51.3	18.8	32.6	24.6	22.8	19.9	23.6	0.4

Source: Ghana Statistical Service (2005), *Ghana 2003 Core Welfare Indicators Questionnaire (CWIQ II) Survey Report, Statistical Abstract, Table 10.1 p. 188-189*

6. Labour Standards, Social Dialogue and Social Equity

The foregoing clearly demonstrates that a large section of the Ghanaian population has not benefitted from the remarkable growth that has been recorded in the country in the past two decades. Ghana's economic growth has been characterised by increased inequality as shown by the differences in the incidence of poverty across regions and across socio-economic groups.

It is not by coincidence that the economic growth did not reflect in the pockets of a many Ghanaians. We attribute it to the lackadaisical attitude towards the adoption and enforcement of the relevant social standards required to ensure that all groups in society benefit from growth. For instance, between 1983 and 2006, only seven ILO Conventions were ratified by Ghana, compared 35 ratified by Nkrumah (1957 to 1966).

As mentioned earlier in the paper, Ghana joined the ILO in 1957 the same year Ghana achieved independence. In the same year, the CPP Government, led by Nkrumah, ratified ten conventions including conventions concerning minimum age (trimmers and stokers), medical examination of young persons, equality of treatment (accident compensation), forced labour, underground work (women), recruiting of indigenous workers, minimum age (sea and industry), contracts of employment, and penal sanctions. Other conventions Nkrumah ratified include conventions concerning freedom of association, collective bargaining, hours of work, discrimination in employment and occupations, labour inspection, and forced labour. This was another very significant achievement of the Nkrumah regime which has not, and may never, be equalled in the history of Ghana.

Table 19: ILO Conventions ratified by Ghana and in Force since Ghana became a member of ILO in 1957

Number	ILO Convention	Date Ratified
C. 1	Hours of Work (Industry) Convention, 1919 (No. 1)	19.06.1973
C. 8	Unemployment Indemnity (Shipwreck) Convention, 1920 (No. 8)	18.03.1965
C. 11	Right of Association (Agriculture) Convention, 1921 (No. 11)	14.03.1968
C. 14	Weekly Rest (Industry) Convention, 1921 (No. 14)	19.06.1973
C. 15	Minimum Age (Trimmers and Stokers) Convention, 1921 (No. 15)	20.05.1957
C. 16	Medical Examination of Young Persons (Sea) Convention, 1921 (No. 16)	20.05.1957
C. 19	Equality of Treatment (Accident Compensation) Convention, 1925 (No. 19)	20.05.1957
C. 22	Seamen's Articles of Agreement Convention, 1926 (No. 22)	18.03.1965
C. 23	Repatriation of Seamen Convention, 1926 (No. 23)	18.03.1965
C. 26	Minimum Wage-Fixing Machinery Convention, 1928 (No. 26)	2.07.1959
C. 29	Forced Labour Convention, 1930 (No. 29)	20.05.1957
C. 30	Hours of Work (Commerce and Offices) Convention, 1930 (No. 30)	19.06.1973
C. 45	Underground Work (Women) Convention, 1935 (No. 45)	20.05.1957
C. 50	Recruiting of Indigenous Workers Convention, 1936 (No. 50)	20.05.1957
C. 58	Minimum Age (Sea) Convention (Revised), 1936 (No. 58)	20.05.1957
C. 59	Minimum Age (Industry) Convention (Revised), 1937 (No. 59)	20.05.1957
C. 64	Contracts of Employment (Indigenous Workers) Convention, 1939 (No. 64)	20.05.1957
C. 65	Penal Sanctions (Indigenous Workers) Convention, 1939 (No. 65)	20.05.1957
C. 69	Certification of Ships' Cooks Convention, 1946 (No. 69)	18.03.1965
C. 74	Certification of Able Seamen Convention, 1946 (No. 74)	18.03.1965
C. 81	Labour Inspection Convention, 1947 (No. 81)	2.07.1959
C. 87	Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87)	2.06.1965
C. 88	Employment Service Convention, 1948 (No. 88)	4.04.1961
C. 89	Night Work (Women) Convention (Revised), 1948 (No. 89)	2.07.1959
C. 90	Night Work of Young Persons (Industry) Convention (Revised), 1948 (No. 90)	4.04.1961

C. 92	Accommodation of Crews Convention (Revised), 1949 (No. 92)	18.03.1965
C. 94	Labour Clauses (Public Contracts) Convention, 1949 (No. 94)	4.04.1961
C. 96	Fee-Charging Employment Agencies Convention (Revised), 1949 (No. 96) <i>Has accepted the provisions of Part II</i>	21.08.1973
C. 98	Right to Organise and Collective Bargaining Convention, 1949 (No. 98)	2.07.1959
C. 100	Equal Remuneration Convention, 1951 (No. 100)	14.03.1968
C. 105	Abolition of Forced Labour Convention, 1957 (No. 105)	15.12.1958
C. 106	Weekly Rest (Commerce and Offices) Convention, 1957 (No. 106)	15.12.1958
C. 107	Indigenous and Tribal Populations Convention, 1957 (No. 107)	15.12.1958
C. 108	Seafarers' Identity Documents Convention, 1958 (No. 108)	19.02.1960
C. 111	Discrimination (Employment and Occupation) Convention, 1958 (No. 111)	4.04.1961
C. 115	Radiation Protection Convention, 1960 (No. 115)	7.11.1961
C. 116	Final Articles Revision Convention, 1961 (No. 116)	27.08.1963
C. 117	Social Policy (Basic Aims and Standards) Convention, 1962 (No. 117)	18.06.1964
C. 119	Guarding of Machinery Convention, 1963 (No. 119)	18.03.1965
C. 120	Hygiene (Commerce and Offices) Convention, 1964 (No. 120)	21.11.1966
C. 148	Working Environment (Air Pollution, Noise and Vibration) Convention, 1977 (No. 148)	27.05.1986
C. 103	Maternity Protection Convention (Revised), 1952 (No. 103)	27.05.1986
C. 149	Nursing Personnel Convention, 1977 (No. 149)	27.05.1986
C. 150	Labour Administration Convention, 1978 (No. 150)	27.05.1986
C. 151	Labour Relations (Public Service) Convention, 1978 (No. 151)	27.05.1986
C. 182	Worst Forms of Child Labour Convention, 1999 (No. 182)	13.06.2000
C. 147	Merchant Shipping (Minimum Standards) Convention, 1976 (No. 147)	10.05.2005

In the period under review (1983 to 2006), successive governments have generally paid no attention to labour standards. This is evidenced by the small number of conventions ratified during the period. Even those conventions ratified by Ghana under previous regimes that cared about social equity are not properly enforced. The Labour Inspectorate Division of the ministry responsible for labour has systematically been under-resourced over the years in terms of human and financial resources, making it impossible for the department to enforce labour standards. But it has been amply demonstrated, as explained in the DFID (2004) report, that the adoption and application of labour standards such as those concerning freedom of association, collective bargaining and minimum wage, through social partnership, could help improve the economic situation of working people and reduce the social inequity.

Countries that have paid attention to labour and social standards such as those in Scandinavia have shown that labour standards can improve lives of working people and their families. In these and other European countries the freedom of association and collective bargaining conventions are fully respected and unionism is promoted but not undermined. As a result the large majority of workers and professionals groups belong to unions or associations. The high unionisation rates in those countries enable workers to bargain collectively and to exact reasonable proportions of profits to workers through collective bargaining.

Previous studies have shown that workers in the unionised sectors in many countries across the globe receive significantly higher wages compared to their counterparts in the non-unionised sector, even when observable characteristics such as educational attainment and labour market experience are taken into account. This is true for many developing and economically-advanced countries, including Ghana. Using Ghanaian

data, Teal (1996), Verner (1999), Soderbom and Teal (2001) and Baah (2005) have shown that unions in Ghana receive higher wages than their counterparts in the non-unionised sector who otherwise have similar characteristics. The union wage premium in Ghana ranges from 17 to 60 percent depending on the characteristics controlled for in the regression analysis. Butcher and Rouse (2001) found a similar union wage premium in South Africa.

In a regression analysis based on the 1999 Ghana Living Standard Survey data, Baah (2005), for instance, found that, on average and *ceteris paribus*, unionised workers earn 25 percent higher wages after controlling for educational attainment, location, industry, firm size, labour market experience, gender and other observable characteristics. He also found that wage inequality in the unionised sector is significantly lower compared to the non-unionised sector. This means unions are able to bridge the wage gap between the highly-educated workers and their unskilled and semi-skilled counterparts in the unionised sector.

In addition, Baah (op. cit.) reports that workers in the unionised sector of the labour market have higher chances of accessing benefits such as bonus, social security, medical insurance, subsidised or free transport, paid sick leave and pension. For example, as shown in table 20 below, 90 percent of workers in the unionised sector were entitled to paid holiday in 1999, compared to 42 percent of those in the non-unionised sector. We observe similar differences between unionised and non-unionised sectors in terms of access to medical care and paid sick leave. In a similar analysis Baah (op. cit.) further demonstrates that workers in the unionised sector are more likely to receive training. They are also more likely to sign employment contract with their employers thereby ensuring job security for workers in the unionised sector.

This analysis demonstrates that when workers have the right to join or form unions and they have the right to bargain with their employers they can improve their economic situation. This suggests that labour standards and regulation that encourage unionisation and collective bargaining can go a long way to improve the living standards of workers.

Table 20: Percentage of Workers Entitled to Selected Benefits in the Unionised and Non-Unionised Sectors (1999)

Type of benefit	1999		
	Unionised sector	Non-Unionised sector	Z-Score
Bonus	29%	22%	2.93***
Transport	19%	10%	4.24***
Paid holiday	90%	42%	20.44***
Paid sick leave	92%	45%	20.56***
Medical care	72%	31%	15.40***

Note: *** and ** mean significance at 1% and 5% levels respectively.

Source: Extracted from Baah (2005) based on calculation from GLSS 4

7. Tripartism, Social Dialogue and Social equity

Tripartism has been identified as one of the effective means by which countries can achieve a true political and economic democracy. The involvement of workers' and employers' representatives in the formulations and implementation of national policy decisions particularly in labour policy decisions is a necessary condition for economic and social development. This has been clearly demonstrated by the Nordic countries and Ireland.

As noted in a paper presented by a delegation of the Ghana Trades Union Congress at a workshop on "Social dialogue in West Africa" in 2001³, it was emphasised that the rationale behind the tripartite character of the ILO, which stands unique in the United Nations system, is as relevant now as ever. The ILO Convention 144 (Tripartite Consultation Convention, 1976) and Recommendation 113 concerning consultation (Industrial and National Levels, 1960) are, therefore, very relevant. The Convention and the Recommendation have the objective of "*promoting mutual understanding and good relations between public authorities, employers' and workers' organisations with the view to developing the economy and improving conditions of work and raising standards of living*". They are also to ensure "that the competent public authorities seek the views, advice and assistance of employers' and workers' organisations in an appropriate manner, in respect of important labour market issues such as the preparation and implementation of labour laws and labour market regulations affecting their interests; the establishment and functioning of national bodies, such as those responsible for organisation of employment, vocational training and retraining, labour protection, occupational health and safety, productivity, social security and welfare.

Tripartism and Social Dialogue in Ghana

Before we conclude the paper, we would like to draw attention to some modest gains Ghana has derived from the long standing of tripartism and social dialogue, in spite of the implementation of liberal policies in the last two decades. Ghana has not ratified ILO Convention 144 but social dialogue, conducted in a form of tripartite consultations, has been practised in Ghana since independence. The Industrial Relations Act, Act 299 of 1965 recognised the importance of tripartism and made provision for a National Advisory Committee on Labour (NACL), a tripartite committee made up of representatives of workers, employers and government. The Committee advises the labour minister on all matters of policy on labour and labour relations.

Tripartism received a further boost when the 2003 Labour Act (Act 651) provided for the creation of a National Tripartite Committee, which is charged with the responsibility of fixing the national minimum wage, among other duties. The membership of the Committee is made up of representatives of labour, employers and government.

³ The workshop was organised by the ILO and the Organisation of African Trade Union Unity (OATUU) in Abuja, Nigeria, from January 22-24, 2001.

The present form of tripartite consultations began in 1972 when the National Redemption Council (NRC), led by Colonel Acheampong, came to power. A year earlier, the Ghana Trades Union Congress (TUC) had submitted a paper to the then centre-right Progressive Party Government requesting for the involvement of the social partners in national policy decisions. In the paper, entitled, "*Toward a Visible National Planning and Ways to Increase Productivity*" the TUC suggested that "a permanent consultative machinery be established in which both the trade unions and the employers' association are actively involved in the formulation and implementation of economic and social policies". That submission and demands for an increase in the national minimum wage led to the dissolution of TUC by the Industrial Relations Act, Act 383 of 1971. The Act was repealed in 1972 by the NRC Government which overthrew the Progress Party Government.

This period marked the beginning of current form of tripartite consultation in Ghana. Initially the consultations started in a bipartite form between Government and the TUC. At the instance of the TUC, the NRC Government agreed to a tripartite consultation and employers joined the consultations which made them truly tripartite. Tripartite meetings were then chaired by General Akuffo, the second in command in the NRC.

Tripartite consultations continued throughout the 1970s. However, it became effective during the Third Republic under the neo-Nkrumah People's National Party (PNP) Government led by Hilla Limann. To show the importance it attached to tripartite consultations, the PNP Government appointed the Vice President as the Chairman of the Tripartite Committee. Tripartite consultations have since continued under the chairmanship of the ministers responsible for labour with active participation of employers and trade unions led by the TUC.

Government is usually represented in the tripartite consultations by ministers and/or officials from the ministries responsible for employment (who chairs the meetings), finance and economic planning, trade and industry, the Ghana Statistical Service, Labour Department and Internal Revenue Service. Labour is represented by the Secretary-General and other officials of Ghana TUC, the Ghana National Association of Teachers (GNAT), Ghana Registered Nurses Association (GRNA), Civil Servants Association (CSA) and Judicial Services Staff Association of Ghana (JUSSAG). Employers are represented by the Ghana Employers' Association (GEA). There is a technical sub-committee (which is also tripartite) which advises the Tripartite Committee on the determination of national minimum wage. The sub-committee is chaired by the Government Statistician.

Ghana has derived benefits from its long tradition of tripartite consultations. Among the benefits in recent times is the increase in the national minimum wage. Between 2000 and 2007, the annual national minimum wage increased almost four-fold from US\$200 US\$672 per annum (see the chart³ below). This has brought the daily national minimum wage to more than US\$2.00 per day. The implication is that, for the first time since 1984, minimum wage earners are earning above the internationally-recognised poverty line of

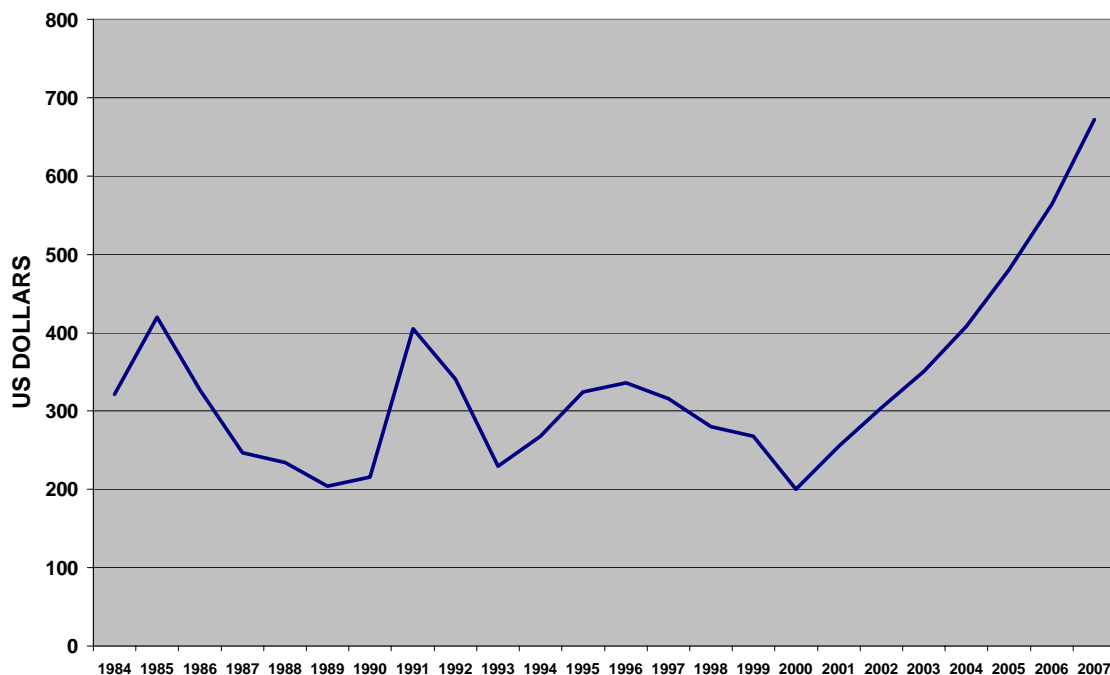
US\$2 per day. This is a significant achievement which can be attributed fully to social dialogue in Ghana, especially when it was achieved under the centre-right New Patriotic (NPP) Government, led by John Kufour.

However, recent studies have shown that the minimum wage regulation has insignificant affects on incomes. The reason is that many workers in the formal sector earn above the minimum wage. In the formal sector where wages are below the national minimum wage the minimum regulation is not enforced. Many informal economy workers continue to earn wages that are far below the national minimum wage. This is attributed to the non-enforcement of the minimum regulation stemming partly from the lack of legal backing for the regulation.

These arguments are valid. But it is also important to note that a significant number of workers also benefit from the annual upward review of the minimum wage. Even some public sector employees benefit from the minimum wage review because Government always automatically adjusts salaries of its unskilled employees to the level of the minimum wage. In fact, the national minimum wage has served as a benchmark for government wage policy since 2000. Baah (2006) showed that the bottom salary (for unskilled) workers on the Ghana Universal Salary Structure (GUSS) has been adjusted based on the national minimum wage. (The bottom salary on GUSS has been fixed one percent above the national minimum wage since 2000). Thus, minimum wage fixing is worth the effort. However, the tripartite partners have more to do to ensure that the minimum regulation is effectively enforced.

Chart 3:

ANNUAL MINIMUM WAGE IN US DOLLARS (1984-2007)



7.0 Conclusion

In the past two decades, Ghana's economy grew by an average of five percent per annum. However, this remarkable economic performance has not translated into social development. During the period, income inequality increased and poverty is still widespread. The majority of Ghanaians continue to eke out a living from the informal economy where wages are low and working conditions are poor. We attribute this to the neo-liberal policies implemented in Ghana since the 1980s because the policies lacked mechanisms that ensure equitable participation in production and distribution of wealth.

Ghana's experience shows that economic growth alone, though necessary, will not automatically lead to improvement in the living standards of all the socio-economic groups in the society and that some form of regulation is needed to achieve social equity. Our main argument is that the adoption and application of social or labour standards, through social dialogue, can help reduce the inequalities that are likely to follow economic growth. Ghana's experience has also shown that workers in the unionised sector have fair better than their counterparts in the non-unionised sector of the economy in terms of improvements in wages and access to non-wage benefits. Wage inequality is also lower in the unionised sector in Ghana due to unions' ability to achieve higher wages for their members through collective bargaining.

We have shown in this paper that, in spite of the lackadaisical attitude to labour standards and regulation, the social partners have, in recent times, managed to increase the national minimum wage to a reasonable level, through social dialogue. There is still a huge room for improvement in social dialogue and tripartism in Ghana but the modest gains from social dialogue and the experience from countries such as Ireland and the Nordic countries are evidence of what a country can gain from the adoption and implementation of labour standards through social dialogue. This is the most effective way to achieve sustainable economic growth social equity in Africa.

REFERENCES

- Agbesinyale, P.K. (2003), Ghana's Gold Rush and the Regional Development: The case of Wassa West District, Spring research series No. 44, Dortmund
- Baah (2004) "Gender and Labour Market Liberalisation in Ghana", in African Labour Research Network *Gender and Labour Market Liberalisation in Africa*.
- Baah A.Y. (2005) "Assessing Labour and Environmental Standards in South African Multinational Companies in the Mining Industry in Africa", in *Mining Africa*, African Labour Research Network (ALRN)/National Labour and Economic Development Institute (NALEDI), Johannesburg,
- Baah A.Y. (2005) An empirical Analysis of the Labour Market and Trade Union Effects in Ghana, PhD Thesis, University of Sussex, United Kingdom
- Baah, A. Y (2005a), Labour Standards, Social Dialogue and Industrial Harmony for Increased... and Sustained Business Growth, Background Paper for Employment Policy Workshop, Accra.
- Baah A.Y. (2006) "Public Sector Wages in Ghana", a Ghana TUC Policy Discussion Paper
- Baah-Boateng, W. (2003), "Poverty Alleviation through Social Dialogue: The Role of Trade Unions in Ghana" in Mwamadzingo, M. and Saleshando, D. (2003) (ed.), *Trade Unions and Poverty Alleviation in Africa*, ILO Publications, Geneva
- Boateng, K. (2001) "Employment and incomes under structural adjustment programme in Ghana" in Baah, A.Y. ed. (2001) *Social Dimension of Structural Adjustment in Ghana* Accra: Ghana Trades Union Congress
- Budd, J.W. (2004) *Achieving Decent Work by Giving Employment a Human Face*, ILO Publications, Geneva
- Butcher, F.K. and C.E. Rouse (2001) "Wage effects of Unions and Industrial Councils in South Africa" , Working paper, World Bank, Washington, D.C.
- DFID (2004), *Labour Standards and Poverty Reduction*, DFID, London
- Divestiture Implementation Committee (2000) "Divestiture of State-Owned Enterprises (1989 - 2000)" *Daily Graphic*, August 16, 2000, p.24-28, Accra
- Epstein, G (2003), *The Role and Control of Multinational Corporations in the World Economy* in *The handbook of Globalization*, Edward Elgar, Chaltenham
- Fielding, D. (2002) "Why is Africa so Poor? A structural model of economic development and income inequality" Working Paper Series, University of Leicester.
- Frank, D. (2003), "Where are the Workers in Consumer-Worker Alliances? Class Dynamics and the History of Consumer-Labour Campaigns: Politics and Society 31:363-80.

- Ghana Statistical Service (2000) *Ghana Living Standard Survey Report (GLSS4)*, Accra. October
- Ghana Statistical Service (2000), Ghana Living Standard Survey (GLSS): Report of the fourth Round, Accra
- Ghana Statistical Service (2001) Core Welfare Indicators Questionnaire (CWIQ) Survey 1997, Accra.
- Ghana Statistical Service (2001) *Core Welfare Indicators Questionnaire (CWIQ) Survey (1997)*, Accra
- Ghana Statistical Service (2001) Ghana 2003 Core Welfare Indicators Questionnaire (CWIQ II) Survey Report, Statistical Abstract, Accra.
- Ghana Statistical Service (2002) *2000 Population & Housing Census: Summary Report of Final Results*, Accra. March
- Ghana Statistical Service (2005) Ghana Population Data Analysis Report Volume 1: Socio-Economic and Demographic Trends
- Humphrey, J. & Schmitz, H. (2002), How does insertion in Global Value Chains Affect Upgrading in Industrial Clusters? *Regional Studies*, Vol. 36, 9 PP 1017-1027, (2002), Carfax Publishing.
- Hyman, R. (2000), Social Dialogue in West Europe: “The State of the Art”, International Labour Organization, Social Dialogue Papers No. 1, Geneva.
- ILO (1997) The ILO, Standard Setting and Globalisation, Report of the Director-General of the ILO to the International Labour Conference 85th Session, 1997
- ILO (1998) International Labour Standards: A Workers’ Education Manual (fourth edition), Geneva, ILO.
- ILO (2000b), Tripartite Consultation, International Labour Organization, Geneva.
- ILO (2000c), InFocus Programme for Strengthening Social Dialogue, (<http://www.ilo.org>)
- Institute of Statistical, Social and Economic Research (ISSER) *The State of the Ghanaian Economy* (1992 -2005 editions), Legon: University of Ghana
- International Labour Organisation (1982) *International Labour Conventions and Recommendations: 1919 -1981*, Geneva
- ISSER (2006), The State of the Ghanaian Economy in 2005, Institute of Statistical, Social and Economic Research, Accra
- Kaufman, B. E. & Hotchkiss, J.L (2000), The Economics of Labour Markets, Harcourt inc., Orlando
- Killick, T. (2000) “Fragiel still? The structure of Ghana’s economy” in Aryeetey E., J.Harrigan and M. Nisaanke (eds.) *Economic Reforms in Ghana The miracle and the Mirage* Oxford: James Currey, Accra: Woeli Publishing Services, Trenton NJ: Africa World Press

Kiragu K., R.Mukandala and D.Morin (2004) “Reforming Pay Policy: Techniques, Sequencing, and Politics” in Levy B. and S.Kpundeh (eds) *Buiding State Capacity in Africa: New Approaches, Emerging Lessons*, World Bank, Waashington. D.C

Knorringa, P. & Pegler, L. (2004), Perceptions of Labour Rights and Conditions: SME and Global Value Chains, edited by Michael E. Gordon and Lowell Turner, PP6—78. Ithaca, NY: IRR Press.

Kucera, D. Core Labour Standards and Foreign Direct Investment, in *International Labour Review*, Vol.141, No. 1-2 (2002), PP. 31-70

Mazumdar D. with Ata Mazaheri (2002) *Wages and employment in Africa*, Hampshire and Burlington: Ashgate Publishing Company,

Mosse, J.C (1993) *Half the World Half a Chance – An Introduction to Gender and Development*, Oxfarm Publications, London

National Development Planning Commission (2005) *Growth and Poverty Reduction Strategy (GPRS II) (2006 – 2009)*, Accra.

Nkrumah, K (1968) *The Dark Days in Ghana*

OECD (1996), *Trade, Employment and Labour Standards: A Study of Core Workers’ Rights and International Trade*, OECD Publications, France

Panford, K. (2001) *IMF-World Bank and Labour’s Burdens in Africa: Ghana’s Experience*, Praeger publishers

Patton M. Q (1987), *How to use qualitative methods in evaluation*, Newbury Park, London, Sage Publications.

Pearce, D. (1990), *Sustainable Development: Economics and Environment in The Thrid World*, London Environmental Economics Centre, Edward Elgar Ltd.

Porter, M. (1985) *Competitive Advantage: Creating and Sustaining Superior Performance*, The Free press, New York.

Republic of Ghana “ The Budget Statement and Economic Policy of the Government of Ghana for the 2007 Financial Year”, Accra

Sengenberger: *Globalization and Social Progress: the role and impact of international labour standards* (Bonn, Friedrich-Ebert-Stiftung, 2002), p. 19.

Soderböm M. and F. Teal (2001) “Firm size and human capital determinants of productivity and earnings” Working Paper, Centre for the Study of African Economies, University of Oxford.

Taylor, R. (1994), *The Future of the Trade Unions*, Andre Deutsch Limited, London.

Teal F.(1996) “The Size and Sources of Economic Rents in a Developing Country Manufacturing Labour Market” Vol. 106” *The Economic Journal* , no.437: 963 - 976

Trbilcock, A. (1994), *Towards Social Dialogue: Tripartite Cooperation in National Economic and Social Policy-Making*, International Labour Organization, Geneva.

Twerefou, Ebo-Turkson and Osei Kwadwo (2007), *Labour market flexibility, employment and income security in Ghana*, Employment Policy paper 2007/1, ILO, Geneva

Vally, B. (1992), *A Social Contract- The Way Forward? A Critical Evaluation*, Phambili Books, South Africa.

Verner, D. (1999) "Wage and productivity gaps: Evidence from Ghana", Policy Research Working papers, World Bank.

Vreeland, J.R (2002) "The effect of IMF Programmes on Labour", *World Development* Vol.30 No.1, pp.121-139

World Bank: Global Poverty Monitoring website: <http://www.worldbank.org/research/povmonitor/index.htm> (consulted October 2004).