

Direct Cash for the Poor-Ghana's grand centrally planned waste



The Writer

Medieval Kings and Princes were naively convinced by alchemists that they could turn lead into gold. Even though the alchemists repeatedly failed, they received the support of the Kings and Princes and the joke continued until every one became fed up.

If the above was a fairy tale, be prepared for the greatest hoax of all time, being hatched in modern Ghana, allegedly one of the fastest

government will deliberately not see the enormity of its attempt to embrace what clearly is a failure.

The government's endorsement of such a plan means that they have little faith in some of the steps they confidently took in 2001 which saved us from a downward spiral. Then, the economy was in one word, stupid. Today, having navigated that tight rope which many African governments will want to catch a shadow of, the limited market-oriented policies that gave it a jolt is painfully being dumped in favour of a Chavez-Castro-Mugabe type economy. An economist has even suggested that the reason for government's about turn is because the market economy had brought in its wake untold hardships to the poor. So, collectivist countries like Bolivia, Brazil, Venezuela and Cuba have been cited as leaders in making direct cash to the poor. Even the US and the UK were cited as well.

But we all know the festering laziness and impoverishment such packages have caused among minority communities wherever they have been introduced. Supporters of this perverted economic theory are pointing to the near recession of the U.S economy and the government's response by infusing over US\$140 billion into the economy. Yes, that's salvation, but then the cash will come in the form of tax cuts for some 100 million people who have been hit by the mortgage crisis. That's a far cry from making direct cash transfers.

Yes, the market is a process and likely to make mistakes which are self-correcting by the way, with occasional sensible regulation. But we must be mindful that a market economy supervised by crony capitalists has the same effect like that organized

access these services adds to their poverty.

Granted the 'kindness' of government sees the light, how can we ensure that the money actually gets into the pockets of the identified people especially because of our not too transparent agencies? The government and its poor friends would be up against officials of Ministries, Departments and Agencies that have been alleged to misappropriate 443 billion cedis (over \$46 million) last year alone aside the inability, in one instance, to provide documents to cover the purchase of 113 officials cars.

Discerning Ghanaians are asking other questions- so what happened to the millions saved in debt repayment after 80% of our debts were forgiven during the G8 Gleneagles summit in 2005? What happened to the handsome windfalls from world cocoa and gold prices? What happens to the myriad of taxes we pay? And what will happen to the Millennium Challenge Account money?

How much of all the money sourced above and the one for merry-making every other month will go into agricultural reforms? Would it ensure secure land tenure for farmers to enhance large scale production?, train agric extension officers to advise farmers on best farming practices, provide soft loans, reduced prices of agricultural inputs, support infrastructure to facilitate storage and movement of goods, so that our energetic rural youth will not flock to the cities in search of absentee jobs?.

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The decision by the Ghanaian government to make direct cash transfers of between \$8- \$ 15 every other month to those it solely identifies as poor, marginalized, vulnerable and weak has gotten the ire of many Ghanaians.

Particularly worrying is the state of mind of government advisors on this idea. Their magic wand to ending poverty evokes images of a cabal of hitherto intelligent academics whose leap of faith in deformed poverty reduction papers surpasses the tiny but useful bits of information on individual needs and wants in an economy. Such dispersed infinitesimal information is key to decision making, but not a centrally controlled one as giving direct cash to alleviate one's poverty, created by successive governments in the first place.

Eventually, because many African governments feed on populism rather than what works, our

occasional sensible regulation. But we must be mindful that a market economy supervised by crony capitalists has the same effect like that organized under a mafia.

Besides if you pursue any economic system half-heartedly, you wouldn't reap its full results. So, even though the current administration ostensibly supports a private sector-led economy, its taxation policies have simply been a cut and paste one. Apart from the myriad of double taxation we are burdened with on virtually everything edible, the very poor Ghanaians have been asked to pay air time tax on mobile phones. The talk time tax itself does not worry me, but what the proceeds are intended for--government supervised employment schemes, which obviously is another flamboyant voter gimmick. Government thwarts the efforts of public utility regulators when they set realistic tariffs with voter-induced subsidies and then fails to ensure that adequate transparent investments is made in the delivery of good sanitation, water and electricity. The inability of even urban residents to

Opposition to the above suggestion will come from praise-singing propagandists who will attempt to say real decentralization of power and resources to every district in Ghana will not solve our problems as local knowledge is not sufficient to determine what is good for the locals. If every district was allowed to determine its own economic agenda, there will indeed be no need for government parastatals to convince the President for instance, to assemble all its hard working ministers to organize a people's assembly in a region once a year to listen to personal problems of poor people that could have been solved by an empowered village town crier who the villagers themselves elect.

To those propagandists who think this cannot work, I will recommend Thomas Sowell's book "Knowledge and Decisions".

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