

**Steve Asirifi Yeboah**



*International Relations and Diplomacy, Ghana Institute  
of Management and Public Administration (GIMPA)  
(Accra, Ghana)*

*e-mail: steveyeboah69@gmail.com*

*ORCID: <https://orcid.org/0000-0002-3337-1671>*

**ECONOMIC DIPLOMACY AND NATIONAL DEVELOPMENT  
GHANA UNDER KUFUOR (2001-2008): ‘MAMMON’ AND GOOD  
NEIGHBOURLINESS.**

**DYPLOMACJA GOSPODARCZA I ROZWÓJ NARODOWY  
GHANY POD RZĄDAMI PREZYDENTA KUFUOR (2001-2008):  
MAMONA A DOBRE SĄSIEDZTWO.**

**Abstract**

*This study seeks to assess the extent to which President Kufuor’s adoption of economic diplomacy impacted the economic growth and development of Ghana from 2001-2008. The economic development of Ghana after independence vary from one administration to the other with military takeovers influencing and changing the course and rate of development. President Kufuor’s administration however presents a remarkable record of immense economic growth. Kufuor’s era was thus, termed as the “Golden Age of Business” following the gravity of private businesses springing up and an environment created for such initiatives to thrive on. In the final analysis, the study came to the realization that Kufuor’s administration reemphasizes the deepening economic relation Ghana developed with other partners through the implementation of economic diplomacy. The study underlined some initiatives that was embarked on and further provided some macroeconomic indicators representing the level of development during his era. The result revealed the roles of diplomats as primary avenues for the promotion of economic diplomacy and how their activities impact the economic growth of a country.*

**Keywords:** *Diplomacy, Economic diplomacy, Diplomat, Globalization, Neoliberalism, Mammon, Corruption.*

**Streszczenie**

*Niniejsze badanie ma na celu ocenę, w jakim stopniu przyjęcie dyplomacji gospodarczej przez prezydenta Kufuora wpłynęło na wzrost gospodarczy i rozwój Ghany w latach 2001-2008. Rozwój gospodarczy Ghany po uzyskaniu niepodległości jest zależny od ad-*

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ministracji, a przejęcia wojsk mają wpływ na zmianę kursu i tempo rozwoju. Administracja prezydenta Kufuora wyróżnia się jednak niezwykle wzrostem gospodarczym. Era Kufuora została więc nazwana „Złotym Wiekiem Biznesu” ze względu na mnogość rozwijających się prywatnych firm i stworzeniu środowiska dla takich inicjatyw. W końcowej analizie badanie doszło do wniosku, że administracja Kufuor ponownie podkreśla pogłębiające się stosunki gospodarcze, jakie Ghana rozwinęła z innymi partnerami poprzez wdrożenie dyplomacji gospodarczej. W artykule podkreślono niektóre inicjatywy, które podjęto, a ponadto podano pewne wskaźniki makroekonomiczne reprezentujące poziom rozwoju w czasie prezydenta Kufuora. Artykuł ujawnił rolę dyplomatów jako głównych promotorów dyplomacji ekonomicznej oraz ich wpływ na wzrost gospodarczy kraju.

**Słowa kluczowe:** dyplomacja, dyplomacja ekonomiczna, dyplomata, globalizacja, neoliberalizm, korupcja, mamona

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### **Statement of the problem in general outlook and its connection with important scientific and practical tasks.**

Ghana's foreign policy has continued to follow the principles of Dr Kwame Nkrumah despite intermittent shifts in the paradigm of power over the years. 'The main objectives of Ghana's foreign policy, which have been molded by the country's national interest and history have followed a similar trend since independence, and these include maintaining friendly relations with all countries, ensuring the liberation and unification of all African countries, economic diplomacy and good governance, regional integration to foster rapid economic development and promotion of international peace and security' (Gebe, 2008). Between 1969 and 1972, an administration headed by Dr Kofi Busia found itself interlocked between a number of factors ranging from domestic political situations and a network of intergovernmental economic relations, where Ghanaian officials worked in tandem with foreign advisers. Unfortunately, Busia's economic policy failed leading to his overthrow through a military coup d'état. The beginning of the fourth republic however required a new foreign policy

framework. The growing level of interconnectedness, with key development such as the creation of the post-World War II Bretton Woods institutions, the oil crises of the 1970s, the decline of American hegemony, the East Asian financial crises in the 1990s and successive military regimes influenced President Jerry John Rawlings' decision to develop and maintain relations with international institutions and build both economic and political bonds that will promote its economic development (Boafo-Arthur, 2007).

Diplomacy is the means by which Sovereign States conduct their affairs and activities in the international arena to ensure peaceful co-existence. What diplomacy intends to achieve is to ensure that diplomatic services employed, safeguards the interest of their respective countries. This tact encompasses the promotion of political, economic, cultural and scientific relations. The concept and practice of diplomacy and as a matter of fact the idea of diplomats has existed since the 13th century. Indeed, at about the 16th century, there had been the

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development of a network of organized diplomatic contact linking the states of Western Europe (Black, 2012).

In fact, during the middle ages, according to Mckercher (2012), some individuals became diplomatic experts or specialists who were well-informed about certain kingdoms and negotiations in general. Tact's like intelligence and negotiations are thus employed to ensuring that the country's political and economic gain is maximized. There was the broadening of the diplomatic systems including the establishment of permanent embassies and the institution of the character and duties of an ambassador. Consequently, there was a peace treaty of Westphalia in 1848 which transcended international relations and diplomacy in particular from medievalism to modernity (Black, 2012). Diplomacy has been noted to be a political institution that has the mandate to manage relations between two opposing sides who have chosen to live independently. It synthesizes a nation's foreign policy with its national interest by identifying key influencers and resources in the International sphere and capitalizing on them. Diplomacy in contemporary times presents new principles and methods that is distinctive of practices that existed during the medieval and Westphalian periods. Its activities extend into other areas to including new political dimensions thus diplomacy is not limited to bilateral negotiations only but has additional components of multilateral negotiations.

Iucu (2010) writes "The new type of diplomacy required true understanding of economic and financial data, besides a clear vision on political issues. This new diplomacy estranged from the old one owing to the idea of equality and to faith in diplomacy through conferences and experts" (p 130).

New conditions that characterized the International sphere following the World Wars presented new diplomatic practices. The role of diplomatic institutions and actors for instance did not only change but has undergone a series of changes and upgrading. Contemporary problems relating to International relations could not be underestimated. Indeed, the organizational framework that embodies diplomatic practices and practitioners now require rethinking in many ways.

Hayden (2013) indicates, "The intention is not to say that 'everything is now different', as diplomatic institutions have historically been defined the inertia of past practice. Yet it is important to recognize that diplomacy is an 'infrastructure' of the larger field of international relations and not an isolated community of practice"(p 23).

At the end of the Cold War, Globalization and economic interdependence influenced the practice and activities of diplomacy. Unlike the past where negotiations were done with regards to the political and military alliance of governments, in recent times, economic and business benefits are the new emerging themes behind negotiations. Traditional diplomacy now requires new set of skills through specialized education in business to be able to contain the new paradigms characterizing the political-economic environment (Trunkos, 2011). A further examination of Globalization will complement our understanding of the evolution of traditional diplomacy of medieval times as juxtaposed with contemporary perspectives of diplomacy

Economic diplomacy is the use of traditional diplomatic tact such as intelligence, representation and advocacy to promote ones economic policies with its external environment. This form of statecraft adopts economic elements such as export, import, investment, lending, aid and free trade to

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further economic goals and development (Tomsic, 2008). The structure and process of economic diplomacy does not differ from mainstream diplomacy hence the need to recognize the significant contribution of diplomats as agents and actors of development. Diplomats serve as invisible actors of the world economy by playing its role particularly in the development and regulation of markets (Donna & Hocking, 2010). Indeed scholars have established that the economic interest of Ghana is what has dictated its relation with these industrialized regions. It is therefore not surprising that the hallmark of Kufuor's foreign policy was channeled in line with economic diplomacy. He provided a conducive and enabling environment for foreign investors and thus characterized his tenure as the "Golden Age of Business". The bedrock of his administration was to ignite development through the private sector. President Kufuor also indicated that diplomats have a duty in the promotion of economic diplomacy. There has been a significant shift in the study of diplomacy to focusing on economic matters primarily because of the new wave of globalization that is linked to the economic development of a country. Ghana's foreign policy agenda since independence has been the principles and ideas of Dr Kwame Nkrumah. Indeed the economic development of the country has been

fundamental and has remained the top priority of successive governments. With that notwithstanding, the performance of each government in respect to the economic and national growth varies. It is therefore necessary to understand the dynamics that played out in each dispensation and assess how the Kufuor administration stands out. The paper will assess the growing impact of economic matters on Ghana and how Kufuor's adoption of economic diplomacy contributed to Ghana's economic growth from 2001-2008. It further unravels the contribution of diplomats as agents, who are partly involved in the creation, regulation and developments of markets.

The etymology of the word 'mammon' comes from Greek, mammonas which represents abundance of wealth and money, hence the writer's motivation therein, with similar root in Hebrew, Latin, Aramaic as well as Syriac. The term was, thus, used in this narrative to represent the material wealth and riches that was recorded under the administration of Kufuor. The paper nevertheless acknowledges the negative representation of the term which may sometimes be personified as a demonic venture and used to describe lust and excess, gluttony, greed as well as dishonesty. The paper seeks to reemphasize that the adoption and usage of the term in this narrative is rather synonymous of riches and material wealth.

### **Analysis of latest research where the solution of the problem was initiated.**

The economic diplomacy employed by Kufuor could best be situated in the Neoliberalist theory. Neoliberalism was coined by a group of economists during the first and second world wars and later adopted by other intellectuals whose viewpoint was geared towards and not limited to individual liberty and freedom from government interference. The early neoliberals (Milton

Friedman and Friedrich von Hayek) argued that 'true freedom' is a reflection of not only the rights of individuals but their responsibility to make their own way to the world. They upheld that markets should be mediated by money so as to ensure coordination and address the need of free people. Castree writes

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“Neoliberalism’s founding thinkers saw money-mediated markets as the best mechanism... this is because markets were seen as highly ‘intelligent’, as well as ‘efficient’: price signals, it was claimed, enable disparate providers and users of goods and service to achieve many of their desires” (p8).

Harvey (2007) defined the concept as “a theory of political economic practices proposing that human well-being can best be advanced by the maximization of entrepreneurial freedoms within an institutional framework characterized by private property rights, individual liberty, unencumbered markets, and free trade” (p 22).

Intellectuals who subscribe to neoliberalism believe in a laissez-faire attitude between government and the private sector. Beyond that, they believe that State interventions in markets must be minimized because the state may not possess all necessary information to predict the dynamics of market signals and the likelihood of states distorting the system and using it to their benefit. Their philosophy rests on some principles which include the privatization of state-owned enterprises and the market-

ization of the economies of states. Basically, they prioritize the creation of free and self-sufficient economies with low taxation.

The activities of multilateral organizations could be associated with economic diplomacy. Indeed, they map a linkage between economic diplomacy and neoliberalism. Rana (2007) sees economic diplomacy as states interaction with the world with the aim of protecting and promoting their national interest by employing the necessary tact including but not limited to trade and investment where each divide enjoys comparative advantage. President Kufuor’s adoption of economic diplomacy could be said to be neoliberalist inclined. Kufuor’s policies and programs were mostly geared towards the economic enhancement of the nation by primarily employing economic and business strategies like opening up to new opportunities in trade, investments, aids and more advanced markets. Indeed, his description of his tenure as the Golden age of business exemplify and reemphasizes his commitment to embracing globalization and its new trend of economic enhancement.

## **Aims of paper. Methods**

Ghana’s economy before President Kufuor’s administration in 2001, had been backlashed with severe economic crises including a sharp depreciation of the Ghanaian Cedi, a decline in the prices of oil importation and the plummeting prices of cocoa and gold. Despite the fact that Nkrumah’s foreign policy themes run through subsequent governments, the level of economic development differ from each government. The measure of economic growth vary from one government to the other partly because of how diplomacy was utilized.

Unfortunately, there has been limited literature to appraise the economic growth and development of Ghana since independence. Kufuor’s administration has particularly been regarded as a period of unprecedented growth and development however little has been documented. This study seeks to assess the extent to which President Kufuor’s adoption of economic diplomacy impacted the economic growth and development of Ghana from 2001-2008. The economic development of Ghana after independence vary from one administration to the other with military takeovers influencing and

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changing the course and rate of development. President Kufuor's administration however presents a remarkable record of immense economic growth. Kufuor's era was thus, termed as the "Golden Age of Business" following the gravity of private businesses springing up and an environment created for such initiatives to thrive on. In the final analysis, the study came to the realization that Kufuor's administration reemphasizes the deepening economic relation Ghana developed with other partners

through the implementation of economic diplomacy. The study underlined some initiatives that was embarked on and further provided some macroeconomic indicators representing the level of development during his era and of course some shortcomings of his administration. The result revealed the roles of diplomats as primary avenues for the promotion of economic diplomacy and how their activities impact the economic growth of a country.

### **Exposition of main material of research with complete substantiation of obtained scientific results. Discussion.**

#### **Globalization: The New World Order**

The phenomenon of Globalization has fundamental importance to understanding the dynamics of traditional diplomacy and the evolution of economic diplomacy. There is no specific definition for Globalization however literature acknowledges the many opinions associated with the relativity of the concept. Zaki and Motairi (2013) defined Globalization as the process of integration of nations resulting from the transaction of the world views, products, ideas, and many other aspects of culture. Martin Albrow (1990) explains Globalization as "all those processes by which the peoples of the world are incorporated into a single world society". In simple terms it is understood to be an economic process that is driven by new technologies evident in both national and international markets with themes such as trade and capital inflows. It is the widening, deepening and speeding up of worldwide interconnectedness. Giddens (1990) defines Globalization as the "Shrinking of the world into a global village".

Globalization has resulted in economic interdependence of countries and has necessitated cooperative measures to achieve

economic and political advancement. The emergence of Multinational Organizations and the desire for economic prosperity characterized Post World War II and the Cold War era and has since influenced the practices of diplomacy. Indeed, scholarships identify the relationship between Globalization and economic diplomacy. Thus some literature prefer the terminology economic globalization basically with reasons that emphasizes the economic dimensions of globalization.

The costs and benefits of modern diplomacy rests on the economic prowess of an actor. Elements of power that characterized international relations procedures have shifted from political and military space to economic ones. The extent of globalization is evidential in some economic dimensions such as Trade, Finance, Labor migration and Production. Trade for instance now involves many countries with many sectors infused to national economies. Through globalization, the pattern of trade has changed over the years, resulting to a new global division of labour through intra-industry trade.

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Transnational production serve as a medium for foreign inflows through Trans-National Corporations (TNCs) which has led to the industrialization of many developing countries. Labour flows have become more extensive with much concentration in the Global North thus observing widespread movement of labour of the Global South (mostly developing countries) to the North. Diplomats cannot be neglected in the process of globalization and its effect on diplomatic practices hence subsequent sections of the paper will identify their roles in the promotion of trade and development of markets (Donna & Hocking, 2010).

### **Understanding Economic Diplomacy**

Economic diplomacy has become a very important instrument in the foreign policy agenda of many governments. Its effect on the economic development of national economies is unprecedented. Economic diplomacy is defined as a tool used by nation states to create and establish economic relations with other actors of international relations. Hence, the complete government system of a state must employ economic strategies that will contribute to the total well-being and success of its economy. In this sense, Szatlach, defined economic diplomacy as the type of diplomacy that uses economic resources, in the form of granting privileges and or imposing sanctions to promote specific foreign policy objectives. Economic diplomacy refers to diplomatic activities that is geared towards increasing export, attracting foreign investments and participating in the work of international economic organizations (Tomsic, 2008). Economic diplomacy is a tool adopted by Foreign Service officials as a means of promoting the economic interest of the state at the regional level and the world stage at large. It is understood to be merely the use of traditional diplomatic tools such as intelligence gathering, lobbying, representation

and negotiation to achieve more than just political goals but economic goals as well (Barston, 1997). Baldwin (1985) described this globalized diplomacy as an economic statecraft that can be used effectively to influence other countries. For him, the efficiency of economic statecraft have stronger impact than any other tool. Thus, countries that will prosper in this era of globalization will be its ability to employ and utilize all the necessary tools of economic diplomacy by transforming but not ditching traditional diplomacy into business negotiations (Trunkos, 2011).

The term economic diplomacy has French origin which was initially known as La diplomatie économique with particular reference to the relationship existing between the French and Russian school of diplomacy. The Americans used the term international business and trade diplomacy to describe the new form of diplomacy that had characterized the international arena. The term became prominent within the second half of the 20th century mainly because the economy had become the centre and an integral element of diplomacy. The only way a country could penetrate the world market was to engage other prospective countries through economic diplomacy (Hammuda & Elgadir, 2017). The economic dimension that came with globalization became prominent and has been regarded as the starting point to understanding the new phenomenon.

The principles of economic dimension of globalization which laid the foundation to understanding the global phenomenon was assessed by the General Agreement on Tariffs and Trade (GATT) in these areas and they include (Zaki & Motairi, 2013);

- Freedom of international trade through the removal of barriers on the flow of goods and services
- Reduction of custom tariffs

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- The globalization of production and marketing
- Increase of multinational enterprises in the global economy
- Increase in the role and importance of the three pillars of globalization; International Monetary Fund (IMF), World Development Bank and the World Trade Organization (WTO).
- The emergence of great economic blocks
- The integration of companies and banks
- Growing role of Foreign Direct Investment (FDI) in the world economy in general and in developing countries in particular.

These principles have influenced the global economy and has since altered the course of diplomacy and its practices (Zaki & Moutairi, 2013). The activities of economic diplomacy focus on the presenting situation at the actual moment in history with the aim of achieving specific goals and objectives. Indeed, countries that adopt economic diplomacy engage in several activities such as the promotion of export, investment, transfer of technologies and have the aspiration thenceforth to manage and promote a positive image of the country to the outside world (Tomsic, 2008). It is worthy to acknowledge the fact that the meaning, methods and ways of economic diplomacy vary from one nation state to the other and thus dependent on the level of economic prosperity and their aspirations towards achieving such goals. Developed countries are mainly seen to be adopting economic diplomacy to addressing security issues. Developing ones however provide platforms to attract investors into their economies. Countries have become wearier of such trends and have devised strategies to neutralizing economic threat and creating enabling environments for economic prosperity. Manasserian (2017) writes

“The main purpose of economic diplomacy is the increased professional assistance to national development and proactive policy. Particularly, for development purposes it is important to meet the economy’s demand on additional financial resources, including, attraction of external financial resources” (p, 7).

Saner and Yiu (2001) indicate the need for employing new skill-set and knowledge to addressing the new trends of diplomacy. They made a distinction between the roles of diplomats and their influence on diplomatic processes. Diplomatic roles, they assert, could be divided into state and non-state actors where the former includes economic and commercial diplomats. The latter comprises corporate diplomats, business diplomats and national and transnational Non-governmental organization diplomats. However in most cases, for instance Ghana, economic diplomacy is driven by the foreign ministry and or is designated to agents and agencies who have in-depth knowledge in economic matters, complemented with knowledge of diplomatic processes.

Foreign policy is defined as “the strategy chosen by the national government to achieve its goals in relation with external entities” (Hudson, 2016). In simple terms, it is understood to be a country’s relations and activities within the international system with other players and actors. Nel & Van der Westhuizen (2004) defined foreign policy as

“the sum total of official plans and initiatives taken by a country with respect to its external environment plus the values and attitudes that underlie these plans” (p 1).

These policies range from the areas of economic, security, political and humanitarian. There are two main policy agendas pursued by every sovereign nation and these are domestic and foreign policies. Foreign policies are designed to achieve some goals and

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objectives of independent states. Fundamentally, it is designed to protect the territorial integrity and sovereignty of a country and to enhance its influence to other regions as well. Again, it seeks to maintain links with other members of the international community to enhance political, economic and technological development. It is necessary to acknowledge that foreign policies are geared towards the promotion of the national interest of sovereign state. Nuechterlein (1976) defined National Interest as “the needs and desires of one sovereign state in relation to other sovereign states comprising the external environment” (p 247).

### **Economic Performance of Ghana from 1960-2000**

Ghana’s economy has recorded considerable growth and has translated into the national development of the country since independence. This section will account for Ghana’s economic performance after independence by identifying some notable evidences of economic diplomacy that impacted the Ghanaian economy. President Nkrumah cooperated with many international economic structures and provided the framework that allowed the private sector to operate. President Nkrumah’s government was thus fortunate to inherit a stable economy from the British government. The foreign reserve that was available recorded was a whopping sum of 200 million pounds alongside a considerable amount of foreign investment present. According to Amenumey, (2011), this amount was accrued from the sale of cocoa which was enjoying higher price tag at the world market. His personal ideals and vision, that is, the liberation of the continent influenced his contribution towards the independence struggle of some African countries. For instance, he contributed about 10 million dollars to Guinea’s independence struggle (Asante,


1997). This extravagant spending by Nkrumah resulted in the decline of the economy at the time. To correct this anomaly, the International Monitoring Fund granted Ghana a loan facility of about 14.45 million pounds but to no avail (Jonah, 1989). These and many other factors are what motivated his ousting in 1966.

Some benefits include his government’s ability to solicit funds to construct the Volta river project and the Akosombo dam which has served as the production site for electricity for the Ghanaian economy. The country still supply some of its power generations to neighboring countries, serving as a source of foreign exchange. Indeed, his motivation was based on the view that the construction of the dam will hasten Ghana’s efforts to achieving economic independence. Other developmental projects undertaken by the Nkrumah government include the construction of the Tema motorway, the Tema harbor, the University of Ghana, Kwame Nkrumah University of Science of Technology among others.

Unfortunately for Busia, he came into power at the time where the economic conditions of the country was unsatisfactory. It had just come out from a military rule and had had many setbacks. In efforts to stabilize the economy, his government sought the advice of credit financiers who in turn agreed to bail the government out. Upon satisfying all necessary conditions, including the repayment of incurred loans and the devaluation of the cedi leading to high import tax rates, the IMF and World Bank provided a re-financing loan facility of about 3.5 million pounds in July 1971 for the Ghanaian government (Libby, 1976). The domestic political conditions as well as the continuous economic decline led to his overthrow by the NRC headed by Gen. Acheampong. General Acheampong ac-

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cused Busia of presiding over a porous government which gave room to external control and influence. Frimpong-Ansah (1991) writes that the ailing economy of Ghana under Busia was a result of his failure to take action on the repayment of accrued external debt.

In consequence, Acheampong adopted policies that will propel the Ghanaian economy from its ailing state to a better one. The government did this by “maximizing domestic resource mobilization and the repudiation of the country’s international financial obligations, especially debt repayment that was suspected to be dubiously paid” (Boafo-Arthur, 1999a). The regime, through its interventionist policies took over 55% of the equity shares in foreign mining and timber enterprises, 50% shares in the breweries and 40% shares in foreign owned banking and insurance firms. The relationship between Ghana and these International financial agencies became unfriendly until a palace coup took place to oust the government of General Acheampong in 1978 (Boafo-Arthur, 1999).

Under the PNDC and NDC, they adopted the policy of economic liberalization to trickle the economy back on track. The institution of such policies met strong opposition from some interest groups due to the fact that some of these recommendations in as much as it benefits the economy, its disadvantages could not be discounted. Indeed, the government remained focused and ensured that the policy was carried on for its eventual benefits. The Structural Adjustment Program however proved to be very effective. Adedeji (2001) writes that, the business groups benefitted from price liberalization that generated profit margins. “The influence of external margins increased under economic liberalization, including donor agencies and multi-national corporations (MNCs), especially on key

sectors of the economy” (p 5). The Economic Recovery Programs also increased production in agriculture and industry thus, between the years 1982-2000 Ghana recorded considerable figures of economic growth as compared to previous governments.

### **Ghana under Kufuor from 2001-2008: ‘Mammon’ and Good Neighborliness**

During the second term of President Rawlings, Ghanaians became impatient and rather called for reconciliation and change. According to Onadipe (1997), reconciliation had become vital with the change of events and posture of Rawlings at the time. The opposition capitalized on this and many other factors but particularly highlighting the growing decline of the economy under his rule. They made emphasis to the effect that the rate of economic growth had slowed down, an increase in inflation rate and a reduction in the standard of living of the ordinary Ghanaian (Adedeji, 2001). In 2000, Kufuor beat the National Democratic Congress after a run-off election and became the second President of the fourth republic.

Upon assumption of office he indicated that his government will pave way for more private sector investment and as such provide the necessary conditions for businesses to thrive on. He again reiterated his commitment towards strengthening Ghana’s diplomatic service and making sure that the roles of diplomats are well defined. To achieve economic prosperity thence, he charged diplomats to be circumspect and more professional in discharging their duties. Ghana’s foreign policy has continued to be tailored around the ideals and visions of Kwame Nkrumah. Themes such as Pan Africanism, Non-Alignment, maintaining good relationship with the International community and ensuring that Ghana

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achieve and maintain its economic independence found its way in Kufuor's foreign policy agenda as well. What is distinctive of Kufuor's administration is his policy of economic diplomacy and good neighborliness which contributed to his outstanding performance from 2001-2008.

### **Good Neighbourliness**

One of the key objectives of President Kufuor upon assumption of office was his desire to establish, protect and promote friendly relations among its neighbors in the regional level as well as the global. During the campaign period of the 2000 election, Kufuor and the New Patriotic Party make it one of their flagship policy that was to guide the party's external relation. They realized that for peaceful and smooth governance in Ghana, the immediate environment that surrounds it hence, was to be cordial and friendly.

Another policy engineered by the Kufuor government was to provide a conducive and safe environment for foreign investment to inject into the Ghanaian economy. Private sector promotion could only be possible if Ghana's relation with other neighboring countries was friendly which will subsequently attract their presence into Ghana, the Kufuor government envisaged. President Kufuor was also determined to promote peace on the regional and continental level. This milestone could only be possible to achieve if the relationship existing between such nations was boosted. On hindsight, Kufuor anticipated the impact of good neighbourliness in respect of arresting and curbing societal menaces that bother on the region. In furtherance, Kufuor's desire to maintain Ghana's status in the international community also influenced his decision to ensuring good neighborliness. Indeed, as part of the foundations of International law and the principles that guides international relations, nations are required to

promote and ensure friendly relations among themselves so as to prevent a destabilization of power in the International society.


Ndoum (2002) indicates that upon assumption of office, Kufuor did not hesitate in his quest to establishing peaceful relationships with other nations. Thus, eight months into his tenure, he had made trips to all neighboring countries. What was distinct was the fact that he continued to make trips to these countries on a regular basis so as to ensure that peace is never compromised at any point in their dealings on a policy basis.

Prior to 2000, the relationship between Ghana and its neighboring countries had worsened with great animosity taken the centre-stage. During the presidency of Ft Lt Jerry John Rawlings, leader and Chairman of the PNDC, the relationship between Ghana and particularly Togo had become that of accusations and suspicions. The government of Ghana had accused Togo and the Ivory Coast of aiding insurgents to destabilize the economic and political balance created by the PNDC government. At some point, Togo had also accused Ghana of contributing and participating in the conspiracy act against the President at the, Gnassingbe Eyadema. The relationship between Ghana and Burkina Faso was no different. The overthrow of Blaise Compaore of Burkina Faso by Thomas Sankara which eventually led to his assassination instigated the suspicions between the two nations. It is based on these precedents that President Kufuor found it necessary to neutralize any bad-blood that had and still exist between these nations prior to his tenure of office.

Kufuor's first official foreign visit was to Togo despite the tension that had existed between these countries. Kufuor's ideals were that of peace and the promotion of healthy relations thus he realized that his

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administration will only prosper if and when there is cordiality between the two countries. His visit came as an invite extended him by the President of Togo of which he consented to. Even though it did not yield popular appeal, Kufuor understood the principle of good neighbourliness. The principle of non-interference meant that the sovereignty of individual nations was to be respected. Hence, it was not in the place of Ghana to dictate the terms of governance for Togo. Again, his understanding of the principle of good neighbourliness was that of non-discrimination. A country's political inclination did not mean one could not associate with. Kufuor, despite the fact that the opposition party expressed displeasure, defied all odds and honored the invitation of President Gnassingbe. This milestone achieved, rekindled the Ghana-Togo relation and has since remained as such.

Kufuor's principle of good neighbourliness was extended to Cote d'Ivoire as well where he played a major role in establishing a long-standing relationship between the two nations. Indeed, Kufuor's chairmanship at the ECOWAS during the Cote d'Ivoire crises whether by accident or design, could be thought of as a test to whether or not assess his leadership qualities and respect for international law. This conflict emanated from a failed coup attempt by renegade soldiers in September 2002. This resulted to a civil war where the country was split into two with President Laurent Gbagbo who was the legitimate head of state at the time, controlling the south. In the North, were the anti-government (insurgents) forces who were deemed detractors and enemies of peace. The French government quickly marshalled and deployed about 600 permanent military forces to coil and prevent an escalation of

the war. Collaborating with the French government, there was an eventual deployment of army contingents from West Africa who were working under the auspices of the Economic Community of West African States (ECOWAS) known as the ECOWAS mission in Cote d'Ivoire (ECOMICI) under the able chairmanship of President Kufuor (Gberie & Addo, 2004). Kufuor maintained that, the peace and sovereignty of Ghana can only be guaranteed if and when its environment remained peaceful.

Again, his contribution towards the peace in Liberia won him respect in the regional level and in the international community as well. This came on the backdrop of the civil war that ensued after Liberia's general election in 1997. President Charles Taylor was accused of intimidation during the electoral processes with rebel forces still at large. There were still reports of human right abuses and corruption crept into the government of President Taylor. Despite the hope for peace, President Taylor failed to reconcile the protection of human rights with his personal desires. Sources record incidence of torture and rape of suspected opposition supporters. In short, the management of the economy was unsatisfactory leading to uprisings and eventually an escalation into a civil war.

It is in the wake of this that ECOWAS, the African Union and the United Nations found it necessary to involve in bringing out peace in Liberia. A negotiation process was initiated and its meeting held in Accra in 2003. During the negotiation process, President Taylor expressed his intention to step down if that would bring about peace. Consequently, following a series of talks and deliberation, an agreement of ceasefire and cessation of hostilities was signed between the government of Liberia, the Liberians United for Reconciliation and Democ-

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racy (LURD) and the Movement for Democracy in Liberia (MODEL). Extensive mediation followed, spearheaded by a number of actors including heads of states, regional bodies such as ECOWAS, the AU and the international community as well (African Union Report, 2003).

The contribution of President Kufuor towards the resolution of the civil war in Liberia was more or less an exhibition of quality leadership skills. His subscription to peace and respect for human right guided him in his dealings with other nations. He believed that a destabilized neighbor whether near or remote could render the region unhealthy for smooth governance to prevail.

In recognition of his dedication and contribution towards the restoration of peace and the post-war reconstruction process of Liberia, President Ellen Johnson Sirleaf of Liberia honored Kufuor with the Insignia of the "Distinction of the Grand Cordon in the Most Vulnerable Order of the Knighthood of the Pioneers of the Republic of Liberia" at a high profile ceremony. President Kufuor was acknowledged in a citation as an "illustrious and distinguished African, who has demonstrated strong leadership, statesmanship and care for fellow humans (BusinessGhana, retrieved on 23rd November, 2008). His friendship and exhibition of African solidarity touched the heart of many. President Sirleaf thus, commended Kufuor for providing a safe haven for about 40,000 Liberians, who fled as a result of the civil war. This attracted people from all parts of the world in commendation of Kufuor's exceptional leadership and his exhibition of the principle of good neighborliness.

Ghana-Nigeria relationship was also strengthened during Kufuor's administration. Since they were all democratic states

with shared belief and culture, the two leaders made efforts to strengthen the already existing socio-economic ties. Kufuor identified the opportunity that presented Ghana by ensuring that there is a long-standing relationship between the two nations. Economic development was one of Kufuor's main flagship policies. As such, he seized this opportunity and focused more on trade and good neighborliness between the two countries. Consequently, Kufuor and Obasanjo's engagement led to the signing of many bilateral agreements resulting to the development of these two nations (Otoghile & Obakhedo). President Kufuor's principle of good neighbourliness was indeed exhibited in the roles he played in mediating in the many regional conflicts including those in Liberia, the Cote D'Ivoire, Sudan and Zimbabwe.

Kufuor's principle of good neighbourliness proved very instrumental during his administration. Indeed, Ghana's image within the international sphere heightened which attracted investors from all parts of the world. Kufuor's desire for peace which was seen in his principle of good neighborliness won him numerous awards including that of Liberia, honored him by President Ellen Sirleaf Johnson, the Chatham House prize for good leadership by Queen Elizabeth II of Britain, and Germany's highest national award of the Bundesverskkruez by former President Horst Kohler. His leadership role ensured that there is peace within the sub-region by mediating conflicts, making sure democratic governance prevail and creating long-standing friendly relations with its neighbors as well.

### **Benefits reflecting the Implementation of Economic diplomacy under Kufuor**

Through the HIPC initiative, the Kufuor government was able to institute and initiate some social economic interventions which inured to the development of the

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people and the macroeconomic condition of the country in general. Some of these initiatives include the School Feeding program which was designed to provide food for basic school pupils to relieve parents of some financial burden and also influence students to enroll and not stay at home. Other social intervention initiative include the introduction of the Metro Mass Transit system, the National Health Insurance Scheme which was intended to remove the cash and carry system and make health accessible and affordable, the Capitation Grant, and the Livelihood Empowerment Against Poverty (LEAP) system where the aged and other vulnerable people found in the society were paid monthly allowances. Others include the provision of about 250 brand new buses to the GPRTU and the institution of the Ghana International Airlines which were all geared towards the improvement of the transport system in Ghana. He provided avenues for people to access loan facilities that were intended to help small and medium-scale businesses. The African Growth and Opportunity Act (AGOA) was also initiated by the Kufuor government to allow local producers to gain access to the United States market in order to facilitate and enhance trade (Modernghana, 2009). Kufuor's government also chalked many successes through the employment of economic diplomacy. Some of these include the construction and rehabilitation of five sports stadia, the Presidential Palace, the Accra-Tema Commuter railway line, the Keta Sea Defense, and some major feeder roads including the Accra-Kumasi-Aflao-Kasoa-Cape Coast among others. Kufuor was able to assess loan facilities after completing the HIPC phases, thus embarked on more developmental projects. Despite the fact that the development of a hydropower scheme had been suggested by previous governments, it was during the


tenure of Kufuor that the Bui Power Authority Act of 2007 was enacted. The Bui dam project was to be financed through a concessional loan agreement of US\$270million, a commercial loan of US\$292million and US\$60million in funding from the Government of Ghana which was offered by China Exim Bank, was intended to both generate power for Ghana and provide water for irrigation within the Bui area and beyond (Water-technology, 2019).

Under this agreement, proceeds of 30,000 tonnes of cocoa per year exported to China, and was placed in an escrow account at the Exim Bank to serve as collateral for the loan. The dam after its completion in 2013 generates about 400MW of power and facilitates irrigation of about 30,000ha of land. The Bui project was envisaged to be instrumental in the development agenda of the country and serve as a means for private businesses to thrive. In the areas of power supply, the generation of power at Bui was estimated to increase the country's generation capacity by about 20% and improve reliability and security of power supply to the northern part of Ghana. Again, it was proposed to increase the capacity and quality of electricity service delivery in the Brong-Ahafo, Northern, Upper-East and Upper-West Regions of the country. The lake that was formed as a result of the Bui dam was to enhance the fisheries resources of the Black Volta River and increase its yield. The Kufuor administration was also determined to solving the problem of unemployment. The construction of the dam also provided employment opportunities for the local people (Waterpowermagazine, 2014).

In 2004, Kosmos Energy submitted an application to explore within the areas of the West Cape Three-point block. Their main focus was to explore for high risk petroleum prospects in Africa. Their contact

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with Ghana was in respect of the extraordinary improvement that the Kufuor government had made within the short period in office. It had been able to liberalize its economy to allow private businesses and investments to function. The Kosmos Energy and the E.O Group won the bid and was allowed to explore the waters of Cape Three Point. In June 2007, the Kosmos and E.O Group found oil in the deep waters of Ghana, a milestone chalked by the Kufuor government. It is thence being regarded as one of the largest oil finds in the last decade offshore West Africa (Ghanaweb, 2009). Indeed, the historical exploration of oil and gas reserves in Ghana during Kufuor's era has contributed immensely to the economic growth of the country and has projected Ghana as a country worth investing in. Ghana's discovery of oil allowed Ghana to establish economic ties with emerging and more powerful countries. For instance, Ghana was able to establish relation with countries who were part of the Organization of Petroleum Exporting Countries (OPEC). Multinational Corporations developed new ties with Ghana and led to the establishment and construction of businesses (Akyeampong, 2011). The discovery of oil and its production has been of immense economic benefit to Ghana.

Ghana's Macroeconomic performance had been outstanding after the discovery of oil. Macroeconomic deals with the performance, structure, and behavior of a nation and or regional economy. Ghana's Gross Domestic Product has increased and as such Ghana was placed among a group of countries with a lower middle income. Statistically, Ghana's real gross domestic product (GDP) rate had increased from 4.7% in 2009 to 5.9% in 2010 (African economic outlook, 2010). Foreign exchange was also expected to increase after the discovery of oil. In fact, it was estimated by the World

Bank in 2009 that about US\$1 billion revenue was going to be accrued by the government through the foreign exchange of oil. Ghana's Cedi was expected to gain value in respect to currencies of other trading countries. Employment issues were also addressed after the discovery of oil. The creation of downstream businesses which includes oil refineries would provide employment opportunities for both locals and people from other parts of Ghana. The economic prosperity of Ghana was now seen to be possible after the discovery of oil in its in large scale (Annan, 2011).

Ghana's relation with Nigeria during the Kufuor-Obasanjo era developed quickly with both desire to reap the gains of the new globalized world. Kufuor's policy of good neighborliness transcended into economic engagement. A number of bilateral arrangements were reached by these two countries. This motivated many Nigerians to set up businesses and create employment for the working class in Ghana (Essuman, 2010). This interaction resulted in an outstanding increase in trade and investment as Ghana's engagement with Nigeria increased. Indeed, records indicate that the total volume of export trade between Nigeria and Ghana was officially pegged at US\$525 million as at 2008, with the breakdown for the period showing that Nigeria recorded US\$89 million non-oil exports to Ghana, while the value of Ghana's exports to Nigeria was US\$25 million (Ghana Business News, 2008). According to Otoghile & Obakhedo (2011), Nigerian businesses accounted for about 60% of foreign investment in Ghana from within the African continent and if it continued in same manner, was expected to provide a steady economic growth for both countries.

Ghana's economic structure and performance had improved during the tenure of

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Kufuor. Ghana could be among the few African countries that proved and showed its dedication to achieving the Millennium Development Goals. In 2003, Ghana ranked 129th of 175 in the Gender Development index and 46th of 95 developing countries in the Human Poverty Index. In 2003 and 2004, the economy grew on an average of more than 5% and climbed from 4.2% in 2002, which indicates the extent of the level of development within the first four years of Kufuor’s tenure. The steady growth of the economy was mostly driven by strong results from the sale of cocoa and gold. Ghana was able to utilize its production and

export of cocoa and gold and eventually channeled it into the economy. President Kufuor, through economic diplomacy, recorded a steady development within the tourism sector, which proved to be an important source of income to complement the sale of cocoa and gold in international market (Bertelsmann Transformation Index, 2006). Ghana’s macroeconomic performance under Kufuor was considerably high as compared to previous administration particularly because of his ability to employ economic diplomacy in his interaction with other countries.

**Table 1. Development of macroeconomic fundamentals (2000-2004)**

	2000	2001	2002	2003	2004
Growth of GDP IN%	3.7	4.2	4.5	5.2	5.8
Exports of goods fob (\$millions)	1898.4	2380	2680	3015	N/A
Imports of goods fob (\$millions)	2741.3	3781	4100	4469	N/A
Inflation in % (CPI)	25.2	32.9	14.8	26.7	10.8
Gross domestic investment in % of GDP	24	26.6	22.3	N/A	N/A
Tax Revenue in % of GDP	17.7	18.1	N/A	N/A	N/A
Government balance as % of GDP	7	6.4	4	N/A	N/A
Current account balance in % of GDP	-8.4	-5.3	0.5	1.7	0.3

Source: Human Development Report 2004, World Bank studies on Ghana, World Development Indicators 2004; African Development Indicators 2004, UNDP Report.

The above statistics indicate how Ghana fared under the Kufuor administration with Macroeconomic development of the country. There was a steady increase in the exports of goods from 2000 to 2004. This meant that foreign exchange was at its maximum which contributed to the socio-economic growth and development of the country. Indeed, the economy had been stabilized after 1999, recording at least more than 5% growth in 2003 and 2004 (Bertelsmann Transformation Index, 2006).

**The Roles of Diplomats in the 21st Century (Era of Globalization)**

Traditional diplomacy in international relations was more of a state-centric approach

and rather focused on military and imperialistic desires. Diplomacy was generally seen as a tool for information gathering, representation and conducting negotiations. The diplomatic system was such that the success and failure of the nation-state was dependent on the intellectual application of special skill-sets which includes but not limited to negotiations and information-gathering. Diplomats were then the eyes and the ears of their various home countries. They were tasked with maintaining military alliances of their governments and ensuring a regime of peace. Ambassadors were thus selected from the aristocracy who were specialized and well-informed in the

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activities of kingdoms and inter-court negotiations. Traditional diplomats were to communicate decisions (reporting) and operations of the diplomatic corps (Black, 2012). In many instances, the diplomat was required to deal with crises on-the-spot when communication from the home country took longer than expected. Prior to the 20th century, in cases where authorization on matters of war and peace from home kept long than usual, ambassadors took decisions without the consent of their bosses. They grew in relevance as “decision making rested on them and could negotiate, under orders from their governments, on peace and threaten war over a glass of champagne” (Guraziu, 2015). The communication gap that existed at the time made diplomats more powerful.

However, due to the development of contemporary means of communication, the duties of career diplomats has become more regular. The postmodern geopolitical condition is one where the boundaries that have traditionally delimited the geopolitical imagination are in crises (Tuathail, 2016). The emergence of new means of communication has defeated the traditional conception and purpose of diplomacy thus political leaders kept in touch and made decisions by making just a phone call. Diplomacy has since evolved from the traditional conception to a whole new concept.

Diplomacy in the 20th and 21st century has evolved and has introduced new principles and methods. The emergence of globalization has widened the range of diplomatic activities with the introduction of new components. Thus, “the new type of diplomacy required true understanding of economic and financial data, besides a clear vision on political issues” (Iucu, 2010). Business and financial affairs has become the order of the day with the usual great powers preying on

new and emerging markets. Trade and investment became the new territories to be conquered. In essence, diplomats have become more of ‘team leaders’, championing the course of their political leaders (Guraziu, 2015). There is no denial to the effect that, the traditional and ontological understanding of diplomacy during the medieval and Westphalian periods has undergone conceptual changes particularly because of the growing interconnectedness and interdependence of economies.

Donna & Hocking (2010) writes thus, “by focusing on economic matters, the study of diplomacy has evolved conceptually in order to accommodate key systemic level processes such as regionalization and globalization, the changes to the organization of diplomacy within governments and the development of new forms of diplomatic practice alongside the emergence of ‘new’ diplomatic actors (p2).

Economic diplomacy thus became relevant as countries displayed economic and political prowess through economic negotiations, trade, promotion of foreign and domestic investments, and transnational financial negotiations (Donna & Hocking, 2010). Emerging economies and markets were able to change the dynamics of power by adopting and adapting to the new modes of globalization.

It is in this light that Kufuor charged diplomats upon assumption of office to be beacons and agents of the development agenda of his administration. He identified the significant contribution of diplomats in respect of the success and or otherwise the failure of his foreign policy agenda towards the overall development of Ghana. Globalization presents new paradigms of economic and business related processes that contributes and catalyzes the developmental agenda of every developing country. Thus,

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it is imperative that countries are able to adjust to such trends and the utilization of its full potentials. There is the need to train and technically equip diplomats in the performance of their duties. In this era of advanced communication, media and social networking for instance, diplomats are expected to adopt strategies and behaviours that will enable them engage other diplomats and missions constructively. A typical situation in contemporary times, is the continuous altercation of the leader of the free world, President Donald Trump on popular social network known as Twitter. "A diplomat serving in a Middle East hotspot points out that Twitter, skillfully used, can be a means to subtly 'pick arguments' to stimulate a difficult discussion" (Guraziu, 2015). Diplomats are required to develop new technological skills that will increase governments' success in trade and investment promotion for any diplomatic mission. Key developments such as the increasing number of Multinational Organisations (MNO), complemented by other economic dimensions including trade and financial investments raises new issues of diplomacy.

Donna & Hocking (2010) reiterates, "Diplomats are often invisible servants of the world economy and any account of developments in world economic history needs to acknowledge their role. Equally significant is the lead role that diplomats play in the unnoticed everyday events in the development of markets, whether that be in 'selling socks for Britain' as one diplomats described his commercial activities, or negotiating a new loan with the IMF" (p 4).

Ghana's economic wealth during the Kufuor era was primarily because of his ability to adjust to this new trend, by inviting and providing conducive platforms for businesses and other economic giants to operate. Ghana became the haven for interna-

tional businesses and the hallmark for economic advancement within the West African sub-region.

### **Shortcomings of Kufuor's administration**

Despite his many innovative and transformational policies, presenting him as one of the exceptional leaders Ghana's democratic roller coaster has encountered, his administration can no less be devoid of some level of mismanagement and shortfalls. Kufuor's administration thus, is argued to have been marked with incidences of corruption and mismanagement of national resources by his appointees and the entire government machinery. One of his major concern upon assumption of office was to continue the fight as embarked upon by previous administration and tackle the incidence of corruption. Indeed, Kufuor promised to run a system devoid of corruption thus establishing several anti-corruption bodies such as the Office of Accountability charged to monitor, evaluate and regulate political appointees and their offices (Transparency International, 2014). However, this office was heavily criticized by the general public following its failure to issue annual or periodic reports and or make its activities and findings accessible to the general public thus failing to add value to the fight against corruption under his administration (Agyeman, 2015). Some alleged cases of corruption that mired Kufuor's administration include the diversion of about 60 billion cedis of tax payer's money to fund an initiative by the erstwhile Kufuor administration. There was a 2009 audit report that revealed a case of embezzlement from the Tema Oil Refinery debt recovery levy and the HIPC to fund a proposed communication strategy which was "only a euphemism for a conduit used to siphon state funds into the NPP campaign". Indeed the auditor's report failed to capture this transaction including

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details of the strategy and its execution (Modernghana, 2012). This report reinforced the claim and general opinion of the public in respect of the high level of corruption that characterized his administration despite his commitment to a zero-tolerance administration. Again, the Government of Ghana spent over US\$ 75 million dollars on Ghana's 50th birthday celebration which was huge and absurd as reported by the media. It was alleged that the Chief Executive

of the secretariat, Dr. Wireko Brobey, made cash payments in an unaccustomed form which sort to undermine his office and the administration of Kufuor in general (Modernghana, 2012). This among many are some unprecedented corrupt practices that characterized his administration and has since remain a failure of Kufuor's administration following his criticism channeled towards his predecessor and his policy to zero tolerance to corruption.

## Conclusions.

Economic diplomacy has become an important feature in contemporary times. Countries that were able to harness its potentials have become successful and has led to its growth and development. Inferring from the data and analysis made, it is evident that Kufuor's strategic employment of economic diplomacy inured to the well-being and development of Ghana. Upon assumption of office, Kufuor emphasized that his government will promote private participation and allow foreign investors to conduct business and invest in the country.

This move set the foundation for subsequent governments to thrive on. The study did a retrospective analysis of how the political structure and economy of Ghana fared prior to the era of Kufuor. Indeed, the roles of diplomats cannot be underestimated within the framework of a government. In furtherance, the desire of wealth and economic prosperity during Kufuor's tenure, I regard as a period of 'mammon' and promoting good neighbourliness.

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