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Ghana-Korea Economic Relations – The Record after 40 Years and the Future

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Abstract

Over the last sixty years the economic and industrial fortunes of Ghana and Korea have proved worryingly divergent. Though Ghana and South Korea had comparatively similar GDP per capita in the 1960s, South Korea in 2017¹ (\$29,742.839) has been able to attain a GDP per capita that is about ten times that of Ghana (\$1,641.487). This work critically examines the economic relationship between Ghana and South Korea in the last forty years. It focuses on the economic miracle of South Korea and the lessons for developing countries like Ghana. The article utilizes economic, historical and policy data drawn from primary and secondary sources in an attempt to examine the economic relations between the two countries thus far and prescribe ways in which Ghana can benefit far more than ever before from her economic co-operation with Korea. The paper argues that for Ghana to benefit from its economic relations with South Korea the ideational example of this East Asian state in constructing a developmental state (DS) is critical. Flowing from this, it is recommended that this West African nation becomes more diligent and innovative in her economic relations with Korea as a matter of strategic necessity in pursuit of Ghana's long held industrialization dream.

1 <https://data.worldbank.org/indicator/NY.GDP.PCAP.CD?end=1960&locations=KR-GH-JP&start=1960&view=bar>.

Keywords

Ghana – Korea – the developmental state – Ghana-Korea economic relations – strategy

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We need-and welcome-foreign and private investment from all countries to help our people to learn the new industrial skills. This fits in with our determination to diversify our economy, to increase agricultural production, and to *industrialize*. (italics ours).

– DR. KWAME NKRUMAH (1958, p. 52)

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Unfortunately for us, the tenure of office of our government is so short. We have only four years and you don't change the world within four years. But we want to change the world; we want to transform Ghana.

– PRES. JOHN AGYEKUM KUFUOR² (2018)

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First, we must cure ourselves of the intoxication of simplistic and simplifying ideologies.

– OCTAVIO PAZ (1994, p. 398)

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1 Introduction

The worryingly divergent and stark economic and industrial fortunes of Ghana and Korea have attracted the reflections of academics and policy makers. Though Ghana and South Korea had comparatively similar GDP per capita in the 1960s, South Korea in 2017 has been able to attain a GDP per capita (\$29,742.839) that is about ten times that of Ghana's (\$1,641.487). This work tries to map out the salient features of the economic relationship between

² The former Ghanaian president made the comments on 7th July, 2018 at the 26th National Delegates's Conference of the New Patriotic Party held in Koforidua (the capital of the Eastern Region of Ghana). The quote was carried in the Daily Graphic of July 10, 2018.

Ghana and South Korea in the last forty years. The focus for this undertaking is the economic miracle of South Korea and the lessons for developing countries like Ghana. The article utilizes economic, historical and policy information drawn from primary and secondary sources in an attempt to examine the economic relations between the two countries thus far and prescribe ways in which Ghana can benefit far more than ever before from her economic cooperation with Korea. This work's key claim is that for Ghana to benefit from its economic relations with South Korea the ideational example of this East Asian state in constructing a developmental state (DS) is critical. Given the seemingly unchallenged ascendancy of neoliberalism the DS as a vehicle for development has mostly been ignored in the literature; this work seeks to correct this egregious omission by building upon the work of what constitutes a minority view which has been drawing attention to the viability and validity of the DS. In other words this work seeks to canvas the view that the imperatives of constructing a Ghanaian DS (following the Korean example) should be seen as a necessary condition for Ghana becoming more diligent and innovative in her economic relations with Korea as a matter of strategic necessity in pursuit of Ghana's long held industrialization dream.

The work is organized in three main parts: the historico-empirical, theoretical and prescriptive. The historico-empirical part (sections 2-4) provides a discursive and explanatory overview of the economic fortunes of Ghana and Korea in the last 60years (40 years of which was marked by economic relations between the two countries). The theoretical part (sections 4-6) examines the literature on the developmental state (which anchors the work) via a conceptual clarification agenda and argues for its relevance (as in the Korean case) for Ghana's industrialization. The prescriptive part suggests policy areas that Ghana and Korea must work on in coming decades for the mutual economic benefit of both countries.

2 **Korea's Economic 'Miracle' on the Han River: From Tungsten and Fish to Smart Phones and K-Pop**

Peter Drucker (cited in Byung-Nak, 2003, p. 1) America's widely recognized thinker, comments on Korea's signal economic transformation fully aware of how daunting an undertaking it all was:

Barely forty years ago, Korea had no industry at all. The Japanese, who had ruled Korea for decades, didn't allow any. They also did not allow

higher education, so there were practically no educated people in Korea. By the end of the Korea War, South Korea had been destroyed. Today, Korea is world-class in two dozen industries and the world's leader in shipbuilding and other areas.

By the 1980s the Republic of Korea (hereafter Korea) will come to be reckoned as one of the world's leading economic powerhouses. The actualization of this feat was (and still is) particularly astonishing because of the desperate economic and social depths from which Korea pulled herself. Our interviewee (a senior Korean Foreign Service Officer) captures the desperation:

Our country was casting about for solutions to our problems. It was really hard for us in the 1950s. We went to Pakistan to learn from their civil service. Today given where Korea is it seems almost surreal and unbelievable the places we went for solutions. These are the brute facts however of our development experience.

INTERVIEW NOTES, 2017.

In addition to Pakistan "poverty stricken Koreans considered the Philippines at one time as an all but unreachable model for their own war-torn country." (Byung-Nak, 2003:1).

As the perceptive Korean scholar Ha Joon Chang informs us the average Korean in 1961 (four years after Ghana's independence) earned half of her Ghanaian counterpart's yearly income (\$82: \$169). Struggling to overcome the after effects of the Korean War Ha Joon Chang (2007, p. 3) described the Korea of the 1950s and 1960s as a "basket case of development failure." Korea's main exports then were tungsten and fish among other primary commodities. In 2015 Korea's GDP per capita was 19 times that of Ghana's (\$27,221.5 to \$1381.412).

If Korea managed to stake an influential global position and status in the "old" industrial sectors (as noted above) she did not seem to have been content. In the so-called post-industrial economy (the term is also euphemistically known as the knowledge economy) this North Eastern Asian country has become an influential player in hi-tech sectors such as biopharmaceuticals³,

3 For a fascinating account of Korea's forays into the biopharmaceutical sector see Wang et al, 2012 "In Search of an Innovative State: The Development of the Biopharmaceutical Industry in Taiwan, South Korea and China," 43(no.2): 481-503.

smart phones⁴ and gaming. The Korean interest and dominant presence in the global online gaming industry is revelatory because of its intimate ties with cultural policy and by extension cultural industries. Chung's (2008, p. 306) take on cultural policy is pertinent:

Cultural policy is a means of governance that shapes a particular type of cultural industry for citizens. The all-pervasive role of the cultural industries has far-reaching effects on artistic, cultural and government practices; cultural policy often works to reflect social interactions in a society...

The revelation here is that Korea through government policy has mediatized, digitized, commoditized and advertised her cultural heritage (the whole range of tangible and intangible cultural assets: linguistic, artistic, philosophical, culinary etc that Korea calls its own) and expressions and is successfully selling (the purported distinctive Korean stamp and quality is a differentiating factor worth exploiting in the global market) this to the world. This has been made possible on account of advanced difficult to mimic technical proficiency in informatics and an unshakeable belief that Korean culture (or more precisely popular culture) today has much to offer the world (Jeongsuk, 2011; Lie⁵, 2015). The emergence and popularity regionally and globally of Korean soap operas, film and K-pop⁶ are spin offs of this digital cultural industrialization.

2.1 *Korea's Economic Strategy: State, Market, Culture or History?*

How Korea pulled off this economic feat has become a matter of intense policy and academic interest spawning a vast literature. In the main the discourse has pitted what we describe as the "statists" against the "marketers." By "statist"

4 According to the website www.gadgetsnow.com the electronics arm of the Korean multi-billion conglomerate, Samsung, topped "the smartphone market by volume with a market share of 22% in Q2 2017." The Samsung story in many ways exemplifies Korea's economic achievements. Samsung was designated a General Trading Company (GTC) in 1975 by the Korean Government. From this humble beginning the group "owns the largest general trading company (Samsung Mulsan GTC), the largest electronics company (Samsung Electronics) and also some of the country's largest hotels, department stores, daily newspapers, securities companies, insurance companies, and recreational facilities. Its sales totaled 128.7 trillion won (US\$97 billion) in 2001." (Byung-Nak, 2003, p.152).

5 Lie offers an enlightening critical account of the historical and contemporary influences that have shaped the emergence of K-pop, the basis for its popularity and the value of the genre to Korea's place in a globalizing world.

6 As if to underscore all this the Korean Boy Band Exo won a global online poll to perform at the World Cup 2018 finals being currently held in Russian at the time of writing.

we mean the dominant role of the state at the level of institutions and policies in driving Korea's economic attainments. The works of Amsden (1989) and Chang (2007) are very representative of this school which argues to quote Chang (2003, p. 183) that: "economic development requires a state which can create and regulate the economic and political relationships that can support sustained industrialization-or, in short, a developmental state." Of course this school of thought has a long provenance harking back to List (1856) [and even further back to England in the fifteenth century; see Reinart (2012)] and in modern times further consolidated in the works of Rosenstein-Rodan (1943), Gerschenkron (1966) and Baran (1957) among others.

The works of Krueger (1980) and Balassa (1981) capture this "marketers" position. The idea here pivots around the view that the market mechanism given free rein (and therefore unencumbered) was what powered Korea's high economic growth of the 70s and 80s. State intervention undermines the purported efficient allocative functions of the market and hampers growth (Krueger, 1980, p. 288):

Experience has been that growth performance has been more satisfactory under export promotion strategies (meant as a general bias toward exports and not as a package of specific measures to encourage selective exports of particular items themselves induced by a bias toward import substitution) than under import substitution strategies.

In Krueger's article under discussion she underscores, however veiled, the anti-interventionist creed of "marketers" regarding development:

Nonetheless, experience has clearly demonstrated the importance of access to international markets in providing a means of permitting more rapid growth than would otherwise be feasible. Given the enormous difficulties and costs of achieving the institutional and other changes that economic growth requires, it is probable that trade policy changes have a higher rate of return to LDCs than most other feasible policy changes. It is, of course, to be hoped that protectionist pressures in the developed countries do not result in fewer opportunities for the LDCs. If such protectionist measures are taken, they will lower the rate of return to outward-oriented trade strategies.

There is also what we will label the "historico-cultural" tendency. Here the contention is over whether (and therefore the degree) or not Japanese colonial rule had any useful influence on the institutions, strategies and attitudes

which shaped Korea economic transformation in the 70s and 80s. The schism places on one end those who insist (Kohli, 1999) that the Japanese left salient influences and those who downplay or flatly deny (Sang-Chul, 2010; Amsden, 1989; and Haggard, 1990) such influences.

We have taken time in this section to outline broadly the Korean economic experience (as a model for other developing countries) because we are in full agreement with Kohli (1999, p. 93) that

three decades of sustained high economic growth has made South Korea a “model of development.” Performance of other developing countries is now often judged against that of “East Asian newly industrializing countries (NICs),” including South Korea.

We have been painstaking in trawling through the arguments on the Korean economic miracle to underscore its importance in development history and to point out that these discourses reinforce its empirical indubitability (even if the explanations differ) in the swarming sea of basket development cases across continents. Korea’s economic feat (notwithstanding the myriad of challenges it has spawned) outlined here sets a useful comparative tone for Ghana’s rather dismal economic record (to which we now turn) and consequently whether and how Ghana can utilize more actively and strategically her 40 year economic relations to turn round her fortunes.

3 Ghana’s Economic Record: 60 Years of the Industrialization Dream

Former Ghanaian president John Agyekum Kufuor (see his quotation above) provides what is a poignant reflection on Ghana’s political-economy over the last 60 years in the quote above. The lament underscores the Ghanaian economic record: the perennial failure to utilize substantial resource (human and material) endowments to engineer the kind of economic transformation chalked by the NIEs such as Korea and Singapore among others. Ghana has come to reflect a profoundly classic case of political-economy *akrasia*⁷: knowing what can be done for national transformation but somehow not marshaling the will and the means to do it. And “what can be done” can confidently be argued to be the quest to structurally transform the Ghanaian economy, that is

⁷ This is the idea made famous by Plato in *Protagoras* on why human beings know what best to do in a given circumstance yet cannot marshal the will to do so.

to industrialize. In a seminal work [see also Aryeetey and Fosu, 2008; Aryeetey et al, 2012; and Killick, 2010 for perceptive insights into the Ghanaian economic record over the last sixty years] Aryeetey and Kanbur (2017, p. vii) in a vivid summation of the Ghanaian economic record over the last 60 years re-echo the Kufuor lament:

Structural transformation has lagged behind. Further, fiscal discipline has eroded significantly and heavy borrowing especially on the commercial markets is being engaged in, while elements of the natural resource curse have already manifested themselves.

At independence, the world was awed by Ghana. It was the African country that was expected to prosper and quickly. Ghana was the world's leading producer of cocoa, boasted fairly well-developed infrastructure to service trade, and possessed a relatively advanced education system. President Kwame Nkrumah sought to use the apparent stability of the Ghanaian economy as a springboard for economic diversification and expansion. He began the process of moving Ghana from a primarily agricultural economy to a mixed agricultural-industrial one.

Using cocoa revenues as security, Nkrumah took out loans to establish industries that would produce import substitutes as well as process many of Ghana's exports. Nkrumah's plans were ambitious and grounded in the desire to reduce Ghana's vulnerability to world trade. Unfortunately, the price of cocoa collapsed in the mid-1960s, destroying the fundamental stability of the economy and making it nearly impossible for Nkrumah to continue his plans.

Nkrumah's (1958, pp. 51-52) view on Ghana's economic prospects immediately after independence is worth revisiting:

We in Ghana can, I think, approach this vital issue of economic development with a measure of objectivity. Ghana, in part by good fortune and in part, I hope, by good management, is not in the dire straits of some other newly-independent lands. There is as yet no extreme pressure of population on our resources. We have been fortunate in that our export crop, cocoa, has commanded a very high world price since the war and has not fluctuated as violently as some other primary products. And we have pursued a policy which, I believe, has enabled us to gain a maximum benefit from the high postwar prices. We have held the internal price fairly stable at a level about eight times that of prewar and the balance over and above that level has been put aside for general economic development. On the

one hand, we have avoided internal inflation. On the other, we have been able to set aside some \$700,000, 000 for development which, in a country of only 5,000,000 people, gives us some elbowroom for the future.

For this “really rapid economic advance” (Nkrumah, 1958, p. 52) Nkrumah sided with the United Nations Economic Commission for Africa’s Report of December 1962 which asserted that “industry rather than agriculture is the means by which rapid improvement in Africa’s living standards is possible. (Nkrumah, 1958, p. 7).” It is worth noting here that though there is agreement among “statists” on the arguments for industrialization points of divergence pivot around the sequencing of heavy and light industry. The Chinese economist Justin Yifu Lin (2012) in his *Structural Economics* canvasses the view that for developing countries which embark upon industrialization given the relative abundance of cheap labour a focus on light industry is the winning strategy. Such a focus, is in Lin’s view, Comparative Advantage Following (CAF) instead of the debilitating, even fatal Comparative Advantage Defying (CAD).⁸

Nkrumah will embark on a massive state led industrialization drive anchored on cheap hydro-electric power from the Volta River Project. Nkrumah (Obeng, 2009, p. 279) reasoned and rightly that “all industries of any major economic significance require, as a basic facility, a large and reliable source of power” and added further that newer nations such as Ghana, which are determined by to attain industrial advance in order to scale up their industrial strength by any possible means, needed to have reliable sources of energy.

3.1 *A Neoliberalizing Ghana and Industrial Policy*

Ghana’s economy will emerge into the early 1980s hobbled like other African countries by the debt burden, global commodity price fluctuations, political instability among other ills whose provenance lay in the immediate post independence period. Junior army officers staged an insurrection on June 4, 1979 (underlining the political instability that marked the post Nkrumah years) followed in quick succession on 31st December, 1981 by a coup d’état against the democratically elected Dr. Hilla Limann’s administration. The Provisional National Defense Council (PNDC) was led by Jerry John Rawlings a former junior fighter pilot in the Ghanaian air force. The PNDC spent its early years battling dire socio-economic realities. Bush fires will grossly affect agricultural productivity while drought severely disrupted power supplies and undermined economic activity in particular and everyday life generally. Inflation will spike to 116.5% in 1981 (Aryeetey and Fosu, 2008). By 1983 the current account deficit

⁸ Marked by a focus on heavy industry when a developing country lacks capital.

had increased to \$294 million from \$2.75 million in 1975 (Aryeetey and Fosu, 2008). Facing a restive population and the real threat of a revolt the PNDC turned to the World Bank and the IMF in 1983 after it had been spurned by the Soviet Union (which the leftist regime considered its natural ally). This move will coincide with the emergence in the 1980s of neoliberal economic orthodoxy fueled by the rise of Thatcher and Reagan to power in 1979 and 1980 respectively. Neoliberalism as an approach to the economic organization of society insists on rolling back the state (minimalist state) in order to ensure the unfettered and unobtrusive operation of the market mechanism catalyzed by policy ideas (under what has come to be known as the Washington Consensus) such as down-sizing, retrenchment, contracting out, efficiency, institution building, privatisation, and public-private partnership. Sixty years after independence Owoo and Page (2017, p. 176) bemoan Ghana's ill fate: "Nkrumah's vision of Ghana as an industrial economy remains unfulfilled. Following a brief boom in the 1960s, industrial output has seldom exceeded the growth of gross domestic product (GDP)." After over two decades of military rule and three Republics, the data on industrialization under the current Fourth Republic is sobering (Amoah, 2016, pp. 101-102):

The 2015 budget records that the percentage growth of the manufacturing sector in 2012 was 2.0%; in 2014 the growth was negative at -0.8%. Over the three years from 2012-2014 industrial growth has more than halved from 11% in 2012 to 4.6% in 2014. The years are critical given that it is safe to assume that they will reflect the expected maturation (after two decades of reforms) in the industrial and manufacturing sectors if the budgets were really playing the expected roles.

A necessary question then presses upon us: why has Ghana failed to industrialize over two generations? This question is vital because the centrality of industrialization (and the means, especially selective policy choices, for realizing this) as a critical pathway for developing countries is back in ideational and empirical vogue. This new interest is significant given the persistent and organized (and effectively globalized) public relations, theoretical and institutional attack (Amoah, 2011; Grabel, 2011; Harten, 2012) against industrialization which culminated in the unchallenged ascendancy of neoliberalism.

This renewed interest is evident at the ideational level via an impressive collection of development scholars who have made a convincing case for industrial policy in the last two decades (Chang, 2002; Shafaeddin, 2005; Greenwald & Stiglitz, 2006; Dosi et al., 2009; Lin and Monga, 2012; Lin, 2012; Reinert, 2007; O'Rourke, 2000; Vamvakidis, 2002; Clemens and Williamson, 2001). The global

economic paroxysms occasioned by the Global Financial Crises (GFC) of 2007-2009 will provide empirical policy grist for scholars who argue that historical and contemporary examples make active state led industrial policy an inescapable necessity for developing countries like Ghana. After all thrown into an economic crises the US turned to the same policies she actively publicly disavowed: extending deliberate, targeted, and direct financial support (instead of reliance on the unfailing market as touted) to her auto industry (Amoah, 2011; Chang, 2012; Stanford, 2010). It is instructive to highlight briefly Stanford's (2010, pp. 383-384) commentary on this significant policy to get a sense of the about face quality, scale and implications:

The North American auto rescue, in contrast, was unique in several respects. It was the only case in which governments needed to directly rescue the major automakers and ensure their corporate survival. This made the North American rescue more expensive, and more far reaching, than in other locations.

4 An Outline of Contemporary Korea-Africa Economic Relations

Economic relations between Africa and Korea have experienced a boost in recent times and has as a consequence attracted the interest and attention of policymakers, academics, researchers and businesses in Korea and Africa. We draw extensively on Kang's (2011) data in this section to explicate the nature of Africa-Korea economic relations generally and segue into that between Ghana and Korea specifically.

Trade volume between Africa and Korea has spiked in the last decade growing from \$6.4 billion in 2000 to \$13.9 billion in 2009 (Table 1). The spike however on disaggregation reveals a troubling reality: in comparison with Korea's other significant trade partners like the Americas, Europe and Asia, Africa comes across as a marginal partner. Africa's share is a mere 3.3% of total Korean exports and 1% of imports. Kang (2011, p. 1) underscores this: "overall, trade flows are in favour of Korea, with a trade surplus of \$7 billion in 2009. Nevertheless, recent trade trends between Korea and Africa are encouraging, with a rapid increase in exports and imports."

The 2009 data shows that about 90% of Korean exports flow to a few countries in Africa – Liberia (38%)⁹, Egypt (12%), Libya (10%), Algeria (8%), South

9 The large percentage for Liberia stems from its free port which ensures that there are many vessels registered in Liberia which are not owned by Liberians.

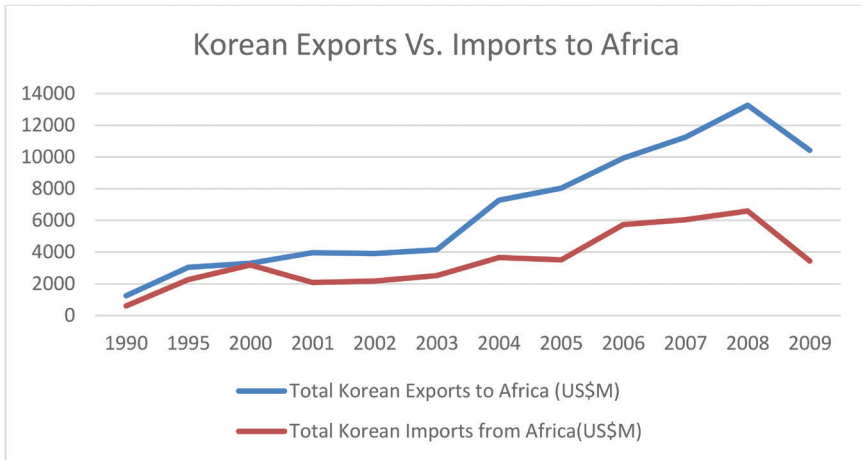


FIGURE 1 Africa-Korea exports and imports

SOURCE: INTERNATIONAL MONETARY FUND, DIRECTION OF TRADE STATISTICS (DOTS), SELECTED ISSUES.

Africa (8%), Nigeria (6%), Angola (3%), Morocco (2%) and Sudan (2%). Reflecting the traditional pattern of exports from richer regions to Africa and Africa's exports to these regions machinery and transport equipment (e.g., vehicles and vessels), manufactured goods (e.g., television and cellular phone) and chemical products dominate Korea's exports to Africa (Africa on the other hand exports in the main primary commodities such as crude oil to Korea).

Korea's investment pouring into Africa is not significant given that the direction of outward flows favour Asia, North America and Europe. Kang (2011, p. 4) is worried by this: "considering the potential of the African market, however, Korean investments in Africa still remain marginal. Africa's share in total Korean outward FDI flows that had peaked up to 2.8% for 1990-1994, dropped to 1.1% for 2000-2004 and slightly rebounded to 1.5% for 2005-2009." The 2003-2009 figures indicate that Ghana could only attract a paltry 2.4% of Korea's outward FDI which was concentrated in seven other African countries with the largest chunks going to Madagascar (33%) and Nigeria (18.9%). These figures make interesting reading reflecting the same interest in Africa's natural resources that other leading Asian countries such as Japan and China have come to exemplify. Critical areas that are a necessity for industrialization such as manufacturing, construction and infrastructure draw just 2% of Korea's FDI to Africa in the period in question. On the whole the data analysed indicates great potential in the future for Africa-Korea economic relations than an evident boon for both sides. This is understandable given that both sides have just only begun to interact economically actively in the last three decades.

Historically Africa's post-colonial economic interactions have been heavily orientated towards North America and Europe. Taking Ghana as an example World Bank Development Indicators (2013) reflect this Western economic pull which is just beginning to re-orient albeit gradually towards Asia. The dataset has figures on the percentage of Ghana's merchandise imports from and exports to the high income countries in the global North starting in the 1960s. That for developing countries in East Asia and the Pacific is available only from 1987. Interestingly Kang's (2011) figures on Africa-Korea economic relations are drawn (from sources such as the IMF, UN COMTRADE, Korea EXIM Bank) from the mid-1980s onwards. The 1980s are important given that it marked a period in which China's significant impact on the global economy was beginning to be felt. From a paltry 1.51% of Ghana's total merchandise imported from developing economies in East Asia and the Pacific in 1987 (see Figure 2) this value grew to over 26% in 2011.

The period covering 2001-2011 is quite instructive as the hitherto single digit figures transitioned into double digits. This period is coincident with the period in which China came to be known as the unchallenged "factory of the world" as she transformed into the low-cost manufacturing behemoth and global growth engine. The value of Ghana-China trade in 2012 was \$5.434 billion. It is within this framework of the quite recent provenance of serious

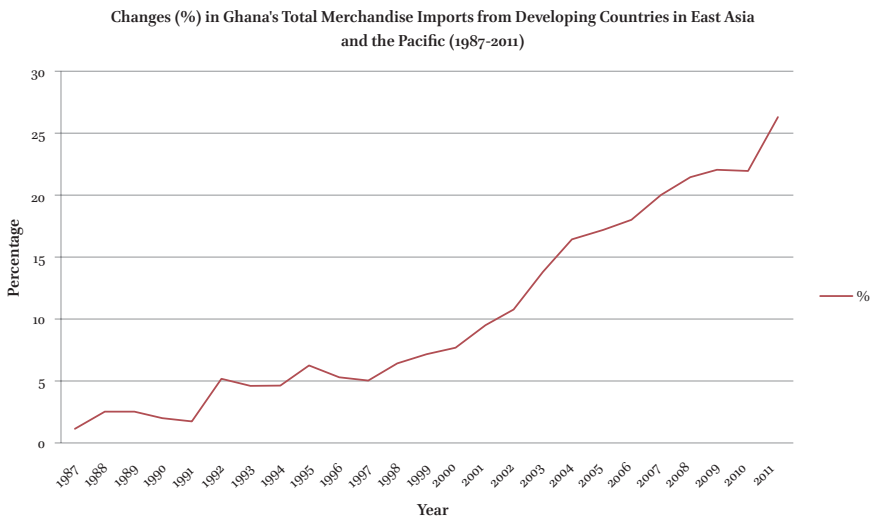


FIGURE 2 Percentage changes in Ghana's merchandise imports from East Asia and the Pacific (1987-2011)

SOURCE: WORLD BANK, WORLD DEVELOPMENT INDICATORS, 2013.

AUTHORS' ANALYSIS.

TABLE 1 Latest data on merchandise trade statistics [exports (FOB) and imports (CIF)] between Ghana and Korea in millions of US dollars

Country (Exports)	2017 Q1	2017 Q2	2017 Q3	2017 Q4	2018 Q1
Ghana	4.4	5.2	4.5	5.2	3.0
Korea	50.02	55.6	98.4	46.8	58.4
Country (Imports)					
Ghana	62.1	68.1	120.0	57.0	71.4
Korea	8.9	10.2	8.8	10.0	5.9

SOURCE: INTERNATIONAL MONETARY FUND, DIRECTION OF TRADE STATISTICS (DOTS), 2018. AUTHORS' COMPILATION.

economic relations between Africa and Korea that we turn to Ghana-Korea economic relations.

4.1 *Overview of 40 Years of Ghana-Korea Economic Relations*

Confronted by language, cultural and geopolitical differences Ghana and South Korea entered into formal diplomatic relations on November 5, 1977. A Technical, Economic Cooperation and Trade Promotion Agreement was subsequently signed on June 14, 1990. It is significant to note that shortly after the Agreement Korea set up the Korea International Cooperation Agency (KOICA) in April 1991. KOICA, a government funded agency, has focused its attention on combating poverty and supporting sustainable socio-economic transformation in developing countries. The KOICA Ghana office was opened in 2010 and in 2011 the first five year (2011-2015) Country Partnership Strategy (CPS) document (which was to serve as the basis for deeper, targeted interaction between Ghana and Korea) was agreed upon.

In 2015, KOICA, Ghana, facilitated the signing of the first Framework Agreement on Grant Aid between the governments of Ghana and Korea. In 2016 the second five year (2016-2020) Country Partnership Strategy (CPS) was signed. Korea provides concessional loans to Ghana through the Economic Development Cooperation Fund (EDCF) of the Korea EXIM Bank.¹⁰ The EDCF Facility

¹⁰ Korea Eximbank opened its Representative office in Accra in 2015.

which is a \$5 million concessional loan facility seeks to help developing countries like Ghana industrialise by supporting their Small and Medium-scale Enterprises (SMEs) and also improve Ghana-Korea economic relations. The EDCF Facility is signed every 4 years to guide the operations of KOICA and Korea Eximbank. Ghana and Korea also hold Policy Dialogues to identify projects to be funded under the EDCF. Korea has instituted the annual Knowledge Sharing Programme to share her unique developmental experiences with Ghana. Korea has also provided long and short-term training programmes for Government officials in the bureaucracy and other policy formation spheres.

Official Development Assistance (ODA) from Korea to Ghana has been on the increase from about \$3.6 million in 1991 (peaking at about \$11 million in 2014) and was \$4.5 million in 2016 (KOICA, 2018). Korea has been and remains one of Ghana's major trading partners. Korea is Ghana's 16th largest import supplier and 34th largest export destination. In 2014 Ghana's imports worth \$242 million (1.4% of total imports) and 0.3% of total exports worth \$34 million was with Korea. However, trade between Ghana and Korea has been in favour of Korea with Ghana recording a trade deficit of \$208 million in 2014. The average annual volume of trade for a ten year period (2000-2009) shows that exports from Korea to Ghana totalled US\$100.96 million while exports from Ghana to Korea for the same period totalled US\$10.89 million. This shows a favourable average trade balance (surplus) of US\$90.07 million in favour of Korea. Latest data [2017 and 2018 (First Quarter)] from the International Monetary Fund

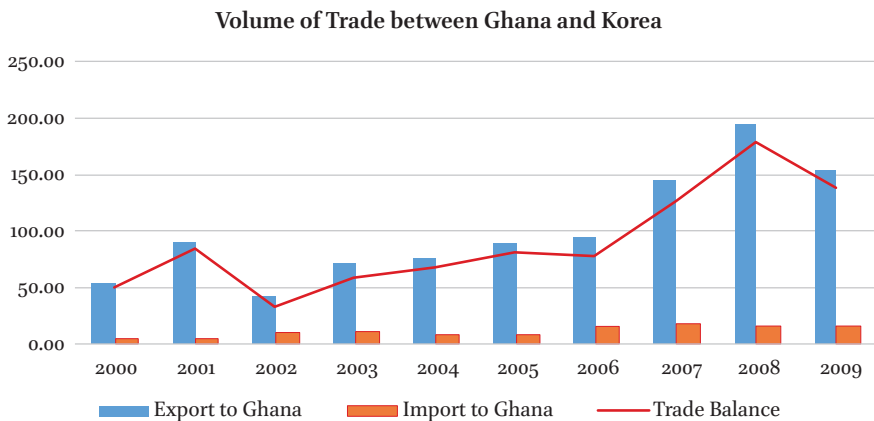


FIGURE 3 Volume of trade between Ghana and Korea
SOURCE: KOREA TRADE-INVESTMENT PROMOTION AGENCY (KOTRA)

(IMF)] at the time of writing this paper underline the trade balance (Table 1.0) in favour of Korea.

Ghana and Korea have liberalised their economies under the ambit of the WTO, however, Ghana's economy seems far more open to the influx of foreign goods in comparison to Korea. Economic structure differs greatly (Ghana is net importer and exports only primary commodities and depends on loans/grants. Korea is a net exporter of value added goods like ships, electronics, automobiles, etc.). This fundamental difference has affected trade and investment relations between the two countries especially with respect to reinforcing the raw materials-manufactures/finished products structure of the export-import regime between the two partners.

Our close reading of Ghana-Korea economic relations depicts a dependent Ghana hanging precariously and desperately on the aid coat tails of Korea in the last forty years. This dependency is further deepened because oddly Ghana seems to have surrendered the critical strategic initiatives to Korea resulting in limited exploitation of the ideational, technological and industrialization experience that a rich and industrialized Korea could offer Ghana. We turn to how Ghana can fix this.

5 **Korea and Ghana's Search for an Economic Miracle on the Volta River: the Ideational Challenge of the Ghanaian Developmental State**

Our analysis should be pointing to why, in our considered view, Ghana (like other developing countries) has not industrialized thus far. The extant stylized explanations are embodied in a mixed bag of initial (also structural) conditions (Easterly and Levine, 1997; Bloom and Sachs, 1998; Sachs and Warner, 2001; and Diamond, 1997), the problematic of state capture (in various guises and degrees) and abuse (for personal and group gains) arguments (Acemoglu, 2012; Bates, 1981; Chabal and Daloz, 2009; Bayart, 2009; Whitfield, 2009). The latter is well described by Chang (1999) as the politicization of the economic process the response to which has been a thorough de-politicization promoted vigorously by neoliberals in Ghana and other developing countries. These explanations, in our view, while intellectually influential, focus on form over substance. The literature going as far back as the 14th century shows that state led industrialization is a compelling path to national prosperity. Lin (2012, p. 296) underscores this unambiguously:

Industrialization is an essential component of *structural transformation*. *It has long been recognized as one of the main engines of economic growth, especially in the early stages of development.* (italics ours).

Recognizing industrialization as the fundamental task of the state (developmental state approach to industrialization) in a developing polity and working towards that goal evinces a focus on the substantive for any African country; any other focus to the contrary is dabbling in fanciful fixation with form (and therefore the non-fundamental). In our analysis then we are interested in a conceptual differentiation of the fundamental from the non-fundamental as just sketched. A focus on the former will necessarily entail the latter but not vice versa. The empirical record of neoliberalism in Ghana amply demonstrates this. The logic (which is anti-long term and therefore anti-structural transformation) of neoliberal economic policy formation has been heavy on form through its known ubiquitous markers such as privatization, competition and market liberalization. Chang (1999) has persuasively shown that beyond the fanciful mimicry of the Anglo-Saxon model of neoliberalism urged upon developing countries like Ghana through these markers it is impossible to determine scientifically how these markers are demonstrably expressed in reality as theoretically envisaged. For Ghana, sticking to the form (the World Bank has consistently touted Ghana as a star performer) for 34 years, has led to de-industrialization (Page, 2012, p. 307).

To answer the question then our contention is that Ghana has not been able to industrialize because she has veered from the developmental state path on which she set off. We therefore describe Ghana as a Latent Developmental State (LDS). Block (2008) provides the theoretical furnishing for the hidden developmental state upon which we draw. Block (2008, p. 169) describes the US hidden DS thus:

Despite the dominant role of market fundamentalist ideas in U.S. politics over the last thirty years, the Federal government has dramatically expanded its capacity to finance and support efforts of the private sector to commercialize new technologies. But the partisan logic of U.S. politics has worked to make these efforts invisible to mainstream public debate.

An LDS is one that set off on its industrialization drive with an active interventionist state and then abandons this mode albeit superficially in order to be seen to be conforming to the dominant conception of socio-economic organization of the time (in the Ghanaian case neoliberalism). In policy choices

(social policy and philosophy of governance), conduct and via institutions the statist mode remains but cleverly disguised in the background or better still woven into the dominant socio-economic paradigm with which it wages a constant battle for expression. The overall effect is policy inconsistency and confusion on the key question of industrialization. This “masking effort” is constructed to stave off “this power to punish governments that waiver from the neo-liberal path,” (Gabel, 2011, p. 101) as well as “ongoing intellectual and policy initiatives advanced by the economics profession and policy makers to lock in neoliberal reform in developing countries by severely restricting the policy autonomy or policy space available to these countries.” (Gabel, 2011, p. 101). The fundamental malaise of contemporary Ghana’s developmental political-economy must therefore be pointedly located, in our view, in the now firmly ingrained tendency to industrialize without an active state; that is out of context of a developmental state. The net outcome has been de-industrialization. To overcome this Ghana has to re-fashion herself into an African Developmental State and it is within this necessity that Ghana-Korea Economic Relations in the last forty years and next become salient.

5.1 *Ghana’s Industrialization and the Necessity to Transition from a Latent Developmental State (LDS) to an African Developmental State (ADS)*¹¹

We have been arguing thus far that the central urgent economic question confronting contemporary Ghana is how to industrialize.¹² It is our contention that an industrialized Ghana will embody and reflect the economic miracle on the Volta River. In pursuit of this miracle Korea serves as compelling example of how a hitherto colonialized, impoverished, backward, dominated and exploited global South country can industrialize in a generation. In this regard the Korean industrialization example is first and foremost an ideational one in terms of the basis for constructing the institutional framework for superintending, managing and directing the process. The literature depicts no vacillation regarding the point that Korea was able to industrialize because an interventionist, developmental state was constructed on the Han

11 This sub-section draws heavily on Amoah, 2018, “Laying the Foundations for “Doing” the Developmental State: Why and How Korea “did” it and Ghana “did not” but can.” *Centre for Asian Studies Working Paper Series*. No.1. Accra: University of Ghana Press.

12 Here we must make it clear that we contemplate industrialization in terms of the technical and technological capacity and know-how to produce for intelligent consumption taking into sensitive consideration the long term sustenance of the biosphere in the age of the Anthropocene. In other words we are for smart industrialization.

River. Reflecting on the “market as means as opposed to leader” conception of development political economy and with special reference to East Asian states Pempel and Tsunekawa (2015, p. 11) argue that the sophisticated state interventionist approach that anchored East Asian industrialization:

grew out of a positive synergy between *government interventionist* policies that often *defied the prescriptions of neoliberal economics*, plus the selective exploitation and embrace of global market forces. Virtually *all governments* overseeing national economic successes across East Asia *rejected the purest neoclassical economic prescriptions* in favor of *selective protectionist barriers and periodic and targeted government interventions*. (italics ours)

Juxtaposing the industrial policy successes of the East Asian states to that of the failings of developing countries like Ghana Pempel and Tsunekawa (2015, p. 11) point out that:

At the same time, unlike the governments in many other less developed countries during the same period, those in miracle East Asia sought neither to insulate their domestic industries completely from global forces nor to engage in the levels of micromanagement or the creation of single national champions that could generate high profits for a select few firms at the expense of macroeconomic growth for the country as a whole. Rather, they took advantage of expanding global markets to move their countries from import substitution to export-led growth, demonstrating that *defiance of free market orthodoxy in the short term could be economically beneficial in the long term*. (italics ours).

In our view, the failure to successfully defy free market orthodoxy lies at the heart of Ghana’s inability to industrialize (and out of which so much of her embarrassing economic failures thus far flow) like Korea did. This inability flows from the caricature of a developmental state that Ghana has become which we describe here as the LDS. The thoroughly neoliberalized international political-economy exacerbated this caricaturing the trajectory of which requires termination given the debilitating socio-economic impact (Ghana has effectively de-industrialized as shown above and is battling egregious levels of unemployment especially of her youthful population) wrought upon Ghana thus far. Korea provides the needed ideational inspiration for the conscious construction of a Ghanaian African Developmental State.

The failure of the neoliberal mode of socio-economic organization after almost forty years (if we take 1980 as the base year) in Africa has triggered in the literature (Ikpe, 2017; Edigheji, 2010; Hasselskog, 2018; Goodfellow, 2017) lucubrations pointing in the direction of proffering preliminarily lineaments of the ADS. It must be noted this interest in the ADS needs to be located in the broader disquisitions on the continuing relevance of the DS in the wake of the ascendancy of neoliberalism globally, the Asian Financial Crises (1998) and the GFC (2007-2009). Amoah's (2018, p. 6) view on this captures the feisty celebrations on this matter:

In the literature obfuscating analyses utilizing the Korean experience seem to suggest that the interventionist strong state, which is central to the developmental state theory, has fallen into obsolescence given the ever changing international political economy and on that account weakens not just the relevance of the theory for other developing countries but marks the end of its theoretical appeal [See for example Jayasuriya (2005)]. My view is that this analysis arises from confusing iterations of the actually existing development state in response to its changing internal and external political-economy (and theorizing from this) with a thorough going metamorphosis in which the idea disappears.

Amoah's (2018) response to the "confusion" is to split the recent explications on the DS into what he (2018, p. 14) calls the "iterationist" and "demise"¹³ schools. In this regard Amoah draws a sharp and necessary distinction between the iterations of the "actually existing" (which evolves in response to fresh internal and external political-economy realities) and the theoretical developmental states. On the latter Amoah (2018, p. 16) argues that:

theoretically there are generally accepted core organizing propositions about the development state which shift and turn on account of far reaching empirical realities.

Drawing from the literature the core propositions which we term the "Three Is" are:

1. An interventionist state that is market defying.

¹³ Weiss (2000:22) independently identifies the "demise" tendency and describes this as the "endist thesis."

2. Institutional arrangements [key institutions here include an elitist highly efficient bureaucracy including super bureaucracies like Japan's Ministry of International Trade and Industry (MITI), Korea's Economic Planning Board (EPB) and Singapore's Economic Development Board (EDB) with close and intimate links with organized economic actors].
3. Industrial policy leading to structural transformation, innovation and capital accumulation.

The "iterationist" developmental state, on the other hand, according to Amoah (2018, p. 17) is marked by:

1. the "catchup" developmental state (exemplified by Korea, Japan, Taiwan and Singapore) in the 1960s. Here the interventionist state is at its most expansive and extensive as it pushes for an industrialization which picks and nurtures winners at the sectoral level; the *chaebols* are a classic example. It must be noted that state interventionist capacity here works primarily through its own structures.
2. The transformative and continuously upgrading developmental state (here state interventionist capacity is still very much present but funneled in creative and consensual ways in response to changing state-society interactions inspired from within and without). In this iteration the capacity to respond to the emergent global regulatory order (by way of Jayasuriya) and Global Production Networks (by way of Yeung) becomes pertinent. We may also refer to this phase as evocative of the attempt to respond to neoliberalism's structures and strictures. The distinctions attempted above are critical to underline the continuing relevance of developmental statism to developing countries like Ghana and rescue the idea and practice from a rather premature eschatological reading of its fate as some portions of the literature attempt to.

In our view recent conceptions of the ADS reflect the analyses of the "iterationist" school and therefore point up (in the various nomenclatures utilized by the authors) the specific political-economic realities out of which the given instantiations of the ADS respond to and emerge from. We will not be detained here (on account of economy of space concerns) by going into a full elaboration of this; a limited description of a compelling sample however should suffice for now. The idea of the African petro-developmental state is ably theorized by Ovadia (2016) in which the focus is on Nigeria, Angola and the Gulf of Guinea. Ikpe (2017, p. 2) adds to this as he reimagines the Nigerian ADS in which her massive oil resources and agricultural sector power that West

African nation's industrialization:

This paper has two aims: first, to introduce a novel enhancement to the DSP that engages industrialisation as interlinked with agricultural and mineral resource sectors as well as privileging the economic, social and political factors that influence the state as a development actor; second, to deploy this as an analytical tool with reference to Nigeria. The paper makes an original contribution as it develops and uses the enhanced DSP to consider how the Nigerian state, influenced by economic, political and social factors, manages fiscal linkages between oil and agriculture that can drive consumption, and production linkages between agriculture and industry to address classical constraints on industrialisation such as demand and food and raw material supply (marketed surplus).

The “iterationist” view is captured in the term ‘neo-developmental’ which Goodfellow (2017) deploys in describing the developmental statism of Ethiopia and Rwanda. Harrison (2016) wonders whether Rwanda is an agrarian developmental state. Edigheji (2010) and Tapscott et al (2018) contemplate the democratic developmental state within Africa’s current constitution based political dispensation. For Edigheji (2010, p. 4) the democratic developmental state is defined as one which:

could act authoritatively, credibly, legitimately and in a binding manner to formulate and implement its policies and programmes. This will entail possessing a developmentalist ideology. Such a state also has to be able to construct and deploy the institutional architecture within the state and mobilise society towards the realisation of its developmentalist project.

Tapscott et al (2018, pp. 9-10) on their part conceive the democratic developmental state as arising “in a context where most emerging economies now embrace some form of democracy” and with it the need to respond to the challenge “to create a state that retains the state-led features of the original East Asian model but yet one that is underpinned by democratic principles. The quest for this hybrid model gave rise to the idea of a democratic developmental state.”

Given the cerebral effort expended on the theoretical and empirical make-up (a process that is still underway) of the ADS it is our view that Ghana needs to draw ideational inspiration from Korea to construct her ADS as a basis for her much vaunted dream to industrialize. This industrialization dream has

come back to the fore far more forcefully since Nana Addo Dankwa Akufo-Addo (NAADA)¹⁴ became the fifth president under Ghana's Fourth Republican Constitution. The New Patriotic Party (NPP), on whose ticket he run (in the 2016 General Election), placed rapid industrialization at the heart of Ghana's economic transformation in its Manifesto (New Patriotic Party, 2016, p. 13):

Our economic programme will enhance agricultural production and productivity, along with a transformation of the economy through value addition to our raw materials in a *process of rapid industrialization*. (italics ours).

The manifesto (New Patriotic Party, 2016, p. 31) also intimated a focus on strategic industries so reminiscent of Korea's HCI:

Government will partner private local and foreign investors to develop large scale strategic anchor industries to serve as growth poles for the economy, especially in petrochemicals, pharmaceuticals, iron and steel, cement, aluminium, salt, vehicle assembly, manufacture of heavy machinery, equipment and machine parts, agro-processing, garments and textiles, assembly of electronics and light machinery.

On winning power in 2016 with an overwhelming historic record setting mandate, the president has overseen the deployment of a bundle of policies and institutions unprecedented in their interventionist (industrialization and welfare) intent and scale under a neoliberalized Fourth Republic. To shore up Ghana's manufacturing sector a District Industrialization drive is underway in which the target is to build a factory in each of Ghana's 216 districts under what is termed the 1 District 1 Factory (1D1F) initiative. In its second Budget Statement (Government of Ghana, 2018, 149) the NAADA administration made its intentions clear to launch a

National Development Bank, with the capacity to mobilize private capital towards agricultural and *industrial transformation*, among others. Government has set-up a task force to develop a roadmap for its establishment. (italics ours).

14 Describing himself as a man in a hurry the president has in numerous speeches argued that he wants to see a Ghana under his watch that rapidly industrializes.

Given that policy banks have completely gone out of fashion with the rise of universal banking under the Fourth Republic this move can be described as bold (and even heretical and dangerous) in the way in which it mimics the robust financial interventionism of the Nkrumah years. The National Investment Bank (NIB) set up by Nkrumah as far back as 1963 after the dissolution of the Industrial and Agricultural Development Corporations has remained the lone ranger policy bank focused on expressly funding Ghana's industrialization drive. The clear intent to set up another bank of its kind speaks to the realization of the inability of the NIB to shoulder funding of Ghana's industrialization drive alone. As Mkandawire (2010, p. 64) persuasively shows "institutions for strategically allocating rents, such as development banks ... that make up a nation's innovation systems and extension services have often been paralysed or closed down." These wither away or effectively become redundant (as has happened in Ghana) under neoliberalism fundamentally because they run afoul of the privileging as Chang (1999, p. 184) puts it of "static" efficiency over "dynamic" efficiency" in the neoliberal theoretical universe.

Three development authorities have been set up namely the Coastal Development Authority (CDA), the Middle Belt Development Authority (MBDA) and the Northern Development Authority (NDA). These are expected to work directly with the new Ministry of Special Development Initiatives (MSDI) for the implementation of the Infrastructure for Poverty Eradication Programme (IPEP). IPEP's mandate (Government of Ghana, 2018, p. 138) is to "direct capital expenditure towards local, constituency-level specific infrastructure and economic development priorities with particular emphasis on rural and deprived communities." The projects under IPEP cover dams, supply of agricultural inputs, small business development support, water provision and sanitation.

Two other major welfarist policies stand out: the Zongo Development Fund¹⁵ and the Nation Builders Corps (NABCO). The Zongos are essentially the embodiment of Ghana's urban slum¹⁶ problem and bear the socio-economic characteristics that such spaces are known for: squalor, poverty, unemployment, crime etc. The Mid Year Fiscal Review of the 2018 Budget of the Republic of Ghana (Government of Ghana, 2018, p. 35) reports that the following have been carried out already among others: 2kilometres out of a target of 10kilometres of tertiary and secondary drains have been dredged/desilted; procurement works for the construction of 18 mechanized Small Town Water systems

15 The new Ministry of Inner-City and Zongo Development set up in 2017 is in charge of this Fund and responsible for providing answers to the socio-economic challenges slums in Ghana face.

16 See Amoah (2009; 2018) on Ghana's policy record on slums under the Fourth Republic.

TABLE 2 Summary of archived selected reported initial Ghana-Korea economic and other interactions (1981-1984)

Date and Source	Nature of Civic and Economic Interaction with Ghana
1981 (People's Daily Graphic)	Korean Ambassador Kwang-Han Hwang presents Tae Kwan Do equipment to the Ghana Sports Council.
March, 24, 1984 (People's Daily Graphic)	Korean Ambassador Yang Chol Ahn presents sports trophies to Ghanaian Government.
May, 4, 1984 (People's Daily Graphic)	The Ghana National Trading Corporation (GNTC) imports about 20,000 tyres from Korea to revamp transport sector. Korean engineer sent to train on tyre care and use.
April 9, 1984 (People's Daily Graphic)	First batch of 500 power tillers (out of a 1 000) delivered to Ghana through Kim Engineering Company to support Ghana's agriculture.
April, 24, 1984 (People's Daily Graphic)	Seven Ghanaians invited to train in Korea in agriculture, rice production and fisheries.

– boreholes out of a target of 20; business development training for 150 selected existing businesses and rehabilitation of 22 schools and construction of 8 community recreational parks.

Under NABCO the NAADA administration is attempting to tackle head on, for the first time ever under the Fourth Republic, Ghana's debilitating graduate unemployment crises. GhS 60 0million has been budgeted for NABCO's implementation out of which GhS 30 million has already been disbursed. NABCO is expected to hire 100,000 graduates nationwide in 2018 (on average 462 graduates per district will be hired).

In our view these raft of policies and programmes reveal that Ghana is gesturing towards becoming an ADS. In other words the LDS is attempting to cast off its latency. It is a critical and sensitive transition period that Ghana's political elite must navigate; a decisive and hard political choice (akin to Korea

under Park¹⁷) must be made which presents what we describe as the Edighejian Complex (EC)¹⁸ and with it the Kagamean Dilemma (KD). The EC refers to whether a developmental state should be judged to be so by its self-proclamation or on account of policy conduct and choices. The KD is our term for the travails (arising from countermeasures) any African country will have to endure for going against established neoliberal orthodoxy. Rwanda under Kagame has had its fair share.¹⁹

The horns of the dilemma emerge from Africa's contemporary external and internal political-economy circumstances. Self-proclamation will cast Ghana as set on an unorthodox development path and draw unpalatable consequences from her multilateral and bilateral partners and other centres of global financial power. But such a clear stance has benefits such as mobilizing the populace and providing clarity (and therefore the needed policy coherence) on the ideational framework underpinning overall policy thinking and action. Avoiding self labelling has value as a stratagem for avoiding the attention and possible backlash of powerful global financial and policy entities. The downside is the loss of critical mobilizational power and lack of clarity on the ontology of policy formation. Resolving these tensions will not be easy but in our view these are some of the foundational policy questions Ghana's political and intellectual elites must respond to as a basis for engaging Korea more purposefully in the coming decades.

6 Ghana, Korea and Policy Empirics for the Future

If Ghana is able to resolve competently and shrewdly (following Korea's example) the ideational challenge regarding the ADS it should place her in good stead co-operating with Korea for her development aspirations. Having overcome the ideational hurdle it will be important for Ghana to regain the critical strategic initiative in her developmental engagement with Korea²⁰ in order to

17 See Lloyd, Amoah, 2018, *Laying the Foundations for "Doing" the Developmental State: Why and How Korea "did" it and Ghana "did not" but can*. Accra, University of Ghana Press.

18 Edigheji, Omano, "Introduction" in *Constructing a democratic developmental state in South Africa*, Omano, Edigheji (Cape Town, South Africa: HRSC Press, 2010), 2-3.

19 Korea under Park had running battles with the US over her developmental statist policy choices.

20 It was eye-opening the revelation (in interviews with senior Ghanaian diplomats) that they felt more could be done regarding dialogue and brain storming (between Ghana and Korea) on the key paths and directions Ghana-Korea relations should be headed.

better exploit the industrialization and technological experiences that a rich and industrialized Korea could offer this West African nation.

As Table 2 indicates Korea has shown a sustained interest in building her economic and trade relations with Ghana in both the public and private realms right from the beginning. The inchoate interest in agriculture, human resource development and trade has been solidified and broadened (by the third decade of relations between the two countries) within an aid effectiveness regimen which sought to support Ghana's agenda on poverty reduction and sustainable development. This regimen has been institutionalized in the CPSS already referred to above.

To recalibrate Ghana-Korea economic relations in the coming decades it is our contention that the CPSS have become very important and strategically so for Ghana's re-invigorated industrialization ambitions. Industrial policy was virtually abandoned under the poverty focused Poverty Reduction Strategy Papers (PRSPs). These documents were required (as national development plans) under the World Bank's Poverty Reduction and Growth Facility. Fortunately the Ghana Shared Growth and Development Agenda (GSGDA) will revive the rapid industrialization of Ghana as a key national developmental plank. This has been reinforced in the recently promulgated Co-ordinated Programme of Economic and Social Development Policies (CPESDP) (2017-2024). The CPS 1 and 2 drew thematic orientation from the GSGDA I and II but both documents do not directly make industrialization a central theme. Ghana and Korea should work together on this shortcoming under the CPS system in mutually rewarding ways.

A close reading of the various issues of the Ghana Investment Promotion Centre's (GIPC) Quarterly Investment Reports indicate that the manufacturing and service sectors have been attracting investments into Ghana and have great potential. Indeed the 2017 Fourth Quarter Investment Report showed that of the 192 recorded projects for the year 27.6% (53 projects) were in the services sector while 27.06% (52 projects) went to the manufacturing sector. It is instructive to note that in the last quarter of 2016 Korea was the country with largest FDI value of projects (US\$381.55M). The CPS framework could be made to respond strategically to these facts with a focus for example on electronics. In a speech delivered at the Dialogue Series hosted by the College of Humanities in 2016 the former Korean Ambassador to Ghana Woon-Ki Lyeo²¹ shared his insights on Africa as go to place

21 <http://coh.ug.edu.gh/announcement/dialogue-2-africa-asia-relations-search-new-frontiers>.

for investment, considering its rapid population growth and natural resources endowment. He argued that the revolution in the Information and Communications Technology (ICT) sector could be a vital prop for Africa-Korea relations given the prospects on offer for Africa's rapid socio-economic and technological transformation.

Korea is facing the effects of the infamous middle income trap exacerbated by a fertility and aging problem. The Economist²² reports that the fertility rate in Korea in 2017 was the lowest in the world at 1.05 and way below the replaceable rate of 2.1 required to sustain a population. The rate was worse in Seoul: 0.84. The Economist (2018, p. 48) added further that "though South Koreans are not as old as their Japanese neighbours, they are aging faster" ... "the lack of babies threatens the pension system and future economic growth." This is all made the more complex by the unemployment rate among Korea's young people which stands at 10.5%.

The CPS could be strategically utilized such that Ghana will become a strategic economic growth hinterland (a vent for excess industrial capacity) for Korea and Korea a manufacturing and technological catalyst for Ghana. Vietnam's magnetic pull for Korean investment can be a useful model. Samsung Electronics Factory²³ (a very famous brand in Ghana but it has no manufacturing presence) in Thai Nguyen (northern Vietnam) employs more than 60,000 people and produces more mobile phones than anywhere in the world. The company has invested in total about US\$17 billion in Vietnam and produces about a third of firm's global output. LG Electronics is the other major Korean firm in Vietnam where it makes television screens in a US\$1.5 billion factory in the port of Haiphong. KOICA's programmes especially the Comprehensive Project and Development Experience Exchange Partnership (DEEP), the Fellowship Programme, the Civil Society Partnership and the Development Innovation Programme should be tactically utilized in this fresh orientation of the CPS.

7 Conclusion: a Reiterative Epilogue

This work has argued that for Ghana to benefit from its economic relations with South Korea the ideational example of this East Asian state in constructing²⁴

22 The Economist, "Demography in South Korea: Procreative Struggle", *The Economist*, June 30-July 6, 2018, 48-49.

23 See the Economist, "Investment in Vietnam: Phone home", *The Economist*, April 14-20, 2018, 46.

24 We follow Mkandawire, 2010 and Chang, 1999 in their view that following components should constitute the construction of a developmental state: ideological shifts; building

a developmental state (DS) is critical. Flowing from this, it is recommended that this West African nation becomes more diligent and innovative in her economic relations with Korea as a matter of strategic necessity in pursuit of Ghana's long held industrialization dream. In fine our plea is that constructing the Ghanaian ADS (which is essentially an ideational task before an empirical one) should be seen as being prior and antecedent for the realization of Ghana's long tarried dream to industrialize. Ghana should take full advantage (especially through the existing but retooled bilateral framework embodied in the CPSS) of its deep and deepening relations with Korea for this in the coming decades.

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and strengthening of co-ordinating capacity for change; visionary leadership, institution building; managing developmental pacts.

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