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CONSUMER CONFIDENCE IN GHANA AND ITS
IMPLICATIONS FOR SURVEY-BASED ECONOMIC
INDICATORS IN AFRICA

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During the next decade, many African countries will almost certainly become more politically and economically stable. An increase in the amount of foreign private investment as well as the blossoming of local entrepreneurship will inevitably follow. When this happens, government and private institutions will face obstacles of a different kind. As in most developed economies, the focus will change from building roads to building an information infrastructure. Success and failure of businesses in developed economies is largely based on who has access to the most current and accurate information. This information may range from price-level data to market demand surveys.

Businesses use dozens of data series to make investment decisions in the United States. For example, the Census Bureau provides information on population and retail sales. The Bureau of Labor Statistics gives estimates of consumer and producer prices, employment and wages. Other commonly used data series come from the Federal Reserve, the National Association of Realtors, the National Association of Purchasing Management and the Conference Board. Government, semi-private and private sources use a variety of methods to collect these data, some survey-based and others through monitoring goods directly or transaction surveillance.

This paper focuses on one such measure, consumer confidence, and what it tells us about the Ghanaian economy and politics, and about the validity and reliability of survey-based economic indicators in a developing economic and political landscape. The data from this study come from two omnibus surveys conducted in the Republic of Ghana, one in 1997 following the 1996 national elec-



tions and the other in 2001 following the elections in 2000. These data show increased optimism about economic conditions between the two surveys and identify some groups within the population where this optimism is concentrated. Gaps that existed in 1997 in certain components of consumer confidence have closed by 2001.

These data also show many Ghanaian respondents interpret survey questions differently than intended. While this is not surprising, questions that required respondents to speculate about the future appear to be particularly problematic for Ghanaians. Researchers conducting surveys in Ghana, and possibly other areas of sub-Saharan Africa, should consider these results in the construction of questionnaires.

WHAT IS CONSUMER CONFIDENCE, AND WHY MEASURE IT IN AFRICA?

The concept and measurement of consumer confidence was pioneered by Katona (1960), an early advocate of “psychological economics.” Proponents of this branch of economics treat the consumer’s state of mind as a variable in predicting consumption decisions, in addition to traditional measures of financial ability, such as income and current prices. They recognized some consumers who have the money to make purchases still may not be *willing* to make them. Unique events, such as the Iraqi invasion of Kuwait in 1990, and the attacks on the World Trade Center, are not readily quantifiable, yet may affect choices in consumer spending depending on their interpretation. Consumer choices are viewed as dependent not only on government statistics, but on what consumers read about current events and what their friends say.

Consumer confidence in the United States has been measured nationally by two sources. The University of Michigan produces an index of consumer sentiment based on a telephone survey of 500 households. This survey has been conducted since the 1940s and became a monthly survey in 1978. The other, provided by the Conference Board, is a consumer confidence index that started in 1967 and became monthly in 1977. The Conference Board is a not-for-profit organization that conducts research on business and economics both nationally and internationally. Its index is based on

a mail-out survey where approximately 2500 responses are tabulated as they come in for a given month.

Both the Michigan index of consumer sentiment and the Conference Board's consumer confidence index are based on five questions that have remained unchanged since their inception. Both surveys ask respondents two questions designed to measure attitudes about current conditions, and three questions that ask respondents about their future expectations.

In general, it is assumed if consumer confidence is high, then consumer expenditures will be high as well. By the same token, as consumer confidence decreases, so do consumer expenditures. This should be true particularly for the purchase of durable goods, such as cars and appliances (Garner, 1991). Purchases of durable goods tend to be discretionary and can be put off if the time for purchase is not favorable.

Zagorski and McDonnell (1995) found consumer confidence in the United States is in large part affected by the characteristics of the respondent. For example, future expectations are mostly explained by respondent age – older respondents don't anticipate improvement in their financial situation while younger respondents do. The authors also found consumer confidence is by far the best predictor among a set of respondent characteristics of support for the incumbent party in an election year, although the 2000 United States elections were an anomaly.

From the above analysis, we can draw several conclusions. Consumer confidence as measured by either index is a quick and relatively inexpensive measure that operates as a proxy for consumer spending. In the absence of other more traditional indicators, it is a reasonable substitute. Further, most traditional indicators depend on organized efforts that involve maintenance by government agencies. In an environment where power is often changing, a survey-based measure that can be conducted without the influence of government is useful.

One argument against using consumer confidence in African countries is consumer spending is not a significant proportion of economic activity, at least not relative to developed economies such as the United States, Japan or Germany. The effect of a downturn in gross domestic product may be negligible, and in many African

countries consumer spending is already at subsistence levels and cannot go much lower. Discretionary spending involving economic sectors of interest to donors and development agencies is often based outside of Africa. For example, virtually all cars and appliances purchased in Ghana are from Europe, Asia or the United States.

On the other hand, in a country where citizens question the very existence of democracy and the honesty and fairness of elections, any indicator that accurately measures perceptions of the economic climate may be a helpful indicator of the satisfaction with government. Since the 2000 elections, consumer confidence has become a staple in the news and is now used as a bellwether of satisfaction with life as a citizen, not just a consumer. It has gone far beyond its use as a predictor of retail sales. An ongoing monthly index of consumer confidence in Ghana, and other African countries, would go a long way toward monitoring public perceptions about both economic and political conditions.

Our analysis of the survey data for 1997 and 2001 will show two things. First, some respondents are reluctant to answer these questions, particularly those that require speculation about the future. This result suggests that particular care must be taken in how such questions are phrased, and perhaps more importantly, how they are translated into various indigenous languages. Second, using consumer confidence as an indicator shows economic conditions in Ghana have improved during the past four years and confidence in the new administration continues to grow. This is in spite of mixed outcomes of more traditional indicators such as GDP and inflation.

CONTEXT

Originally known as the Gold Coast, the Republic of Ghana, located on the coast of West Africa, became the first independent country in West Africa in 1957. Ghana's first president, Kwame Nkrumah, was a leader from the Western region and a hero in the eyes of many both inside and outside of Ghana. Following Nkrumah's administration came a series of elected leaders and those who gained power in Ghana by virtue of a military or political coup. This culminated in the rise of Flight Lieutenant Jerry Rawlings as the self-imposed leader of Ghana in 1981.

During the next 10 years, Rawlings governed Ghana as an un-elected leader and was largely unopposed. In 1992, Rawlings and his political allies lifted the ban on elections and held both parliamentary and presidential elections. The parliamentary elections were boycotted by the opposition party, whose base was firmly rooted in the Ashanti region. Overall the 1992 elections were regarded as a sham.

In 1996, under intense international pressure, Rawlings opened the elections to foreign observers. Several African and non-African countries became involved, and these international agencies expended enormous resources to register voters and monitor the election process. By this time, Rawlings had consolidated his power and learned to use his position as president to promote his vision of government in many of the non-Ashanti regions of Ghana. He won the 1996 presidential elections handily in what international observers determined to be a free and fair election.

The Ghanaian constitution only allows a president to be elected for two terms. Even discounting the years that Rawlings led Ghana as dictator, he had served eight years as president and was ineligible for re-election in the year 2000. His National Democratic Congress (NDC) party did not successfully promote a replacement candidate to compete with the opposition New Patriotic Party (NPP), which had remained organized for decades. In 2000, John Kufuor of the NPP was elected president of Ghana in an election that was viewed as free and fair.

Economically, Ghana has made great strides in the years since its independence. Rich in natural resources, such as gold and timber, and agricultural products such as cocoa, Ghana's economy has grown steadily while many of its West African neighbors have fallen behind. Much of Ghana's progress has been through good relationships with international organizations that view Ghana as an example of how to achieve development in Africa. They were also attracted by Ghana's relative political stability, despite its roots in dictatorship. In the past five years, the image conveyed by the construction of buildings and sidewalks in downtown Accra is a testimonial to these achievements. The growth of the Ghanaian stock market over the past few years is another.

Nevertheless, Ghanaian development is not all positive. As with many African countries, most industry continues to be extractive, creating little demand for local labor and little opportunity for the creation of a Ghanaian middle class. And while some of the larger cities have visible change, many smaller cities and rural areas remain much as they have been for hundreds of years. With more than 60 percent of its population of nearly 20 million living in these rural areas, more investment is needed to develop their infrastructure. More than 30 percent of Ghanaians live below the poverty level – more than twice the proportion in the United States.

THE DATA

This analysis is based upon two survey datasets. The first survey was conducted in Ghana between February and April 1997 by Research International of Ghana on behalf of the International Foundation for Election Systems and the U.S. Agency for International Development. It was timed to capture the attitudes of Ghanaians following the general election. A total of 2300 responses were collected with over-sampling to achieve a minimum sample size within each of Ghana's 10 regions. This is in contrast to previous surveys in Ghana that focused largely on the urban areas of Accra and Kumasi. The voter registration database and lists of polling stations were used as a frame for sampling geographic regions.

The second survey was conducted between October and December 2001 by Research International of Ghana and was commissioned by the Ghana Advertising and Marketing Research Foundation (GAMERF). Another 3009 responses were collected, again with over-sampling within regions. Given the availability of the 2000 census data, recent population counts and enumeration areas were used as the sampling frame.

These were both face-to-face surveys where households were mapped and selected by supervisors. The response rate for both surveys was more than 90 percent. Although the intent with the 1997 survey was to randomly select adult respondents from within the household, this was often difficult in Muslim regions where interviewing women is often prohibited. Thus males make up a

disproportionate percentage (about 60 percent) of the respondents in the 1997 survey. The 2001 survey was designed to achieve a 50:50 split between men and women. The surveys were translated into a few common languages besides English (such as Akan), but were conducted with the help of local interviewers for areas where small language groups were represented (such as FraFra).

A large number of the questions for the 1997 survey concerned attitudes about the elections and specific questions about whether the respondent had observed instances of coercion or voter fraud. For the 2001 study, the questions concentrated more on product and media consumption. Additional questions about economic issues were added to both surveys, and among these were adaptations of the five questions the University of Michigan uses to measure consumer confidence. The University of Michigan questions were chosen over the Conference Board questions largely because of the focus of the Conference Board questions on job availability, a confusing question to interpret in rural Ghana.

Table II shows the original Michigan questions and their adaptations for Ghana. For example, discussions with Ghanaians about the Michigan questions suggested the term “finances” would be difficult for Ghanaians to interpret. Most Ghanaians are more concerned about basic necessities, such as food, clothing and shelter, rather than building a financial portfolio. Indeed, most Ghanaians are not in a position to save money or to think about investment. By rewording the questions they became more relevant to most Ghanaians.

Unfortunately, some differences in the way these questions were asked between the two implementations of the survey compromised the validity of direct comparisons. In 1997 the survey included a “Don’t know” category for most questions. This allowed respondents a way of indicating they did not understand the question, and a way to distinguish them from those who refused to answer. In 2001 these two responses were collapsed into one category called “Missing.”

Less of a concern was the rewording of the response categories for the five index questions. The 1997 survey was designed to match the University of Michigan questions as closely as possible. As Table I reveals, three of the questions have three response categories and two have five. In 2001 all five questions had the responses

TABLE I

Comparison of consumer confidence questions used in the US and Ghana

Questions for the US	Questions for Ghana
Would you say that you (and your family living there) are better off or worse off financially than you were a year ago?	How would you describe your ability to buy the things you need, such as food, clothes and housing, now compared to a year ago? Would you say you are better off, about the same or worse off than you were a year ago?
Do you think that a year from now you (and your family living there) will be better off financially, or worse off, or just about the same as now?	Thinking ahead, do you think that in a year you will be better off or worse off than you are now in your ability to buy the things you need?
Now turning to business conditions in the country as a whole – do you think that during the next 12 months we'll have good time financially, or bad times, or what?	Thinking about economic conditions in Ghana as a whole, would you say over the next year we will have mostly good times, bad times or what?
Looking ahead, which would you say is more likely – that in the country as a whole we'll have continuous good times during the next five years or so, or that we will have periods of widespread unemployment or depression, or what?	How about over the next <i>five</i> years? Will we have mostly good times, bad times or what?
About the big things people buy for their homes – such as furniture, a refrigerator, stove, television, and things like that. Generally speaking, do you think now is a good or a bad time for people to buy major household items?	Do you think now is a good time to buy more expensive things, such as a TV, refrigerator or gas cooker?

“Optimistic,” “Neutral,” and “Pessimistic.” This is less of a concern than the exclusion of “Don’t know” because the calculation of the consumer confidence index involves collapsing the five-response questions into three so the 2001 rewording still closely approximates the 1997 responses.

USE OF "DON'T KNOW"

Among the first things a survey analyst does is see how many respondents refuse to answer a question, or claim not to know its answer. Typically, respondents who agree to participate in an interview do not refuse to answer specific questions. Unless a question is particularly sensitive, respondents are likely to try to answer it. One example of a sensitive question in these data is "Is Ghana a democracy?" Nearly 40 percent of the respondents in the 1997 survey refused to answer that question. Contrast this to the five questions that make up consumer confidence, where less than two percent refused to respond on any given question. It appears that in the data on consumer confidence, individual non-response is not an issue.

The same cannot be said for "Don't know" responses. Questionnaires are often designed to allow respondents to say they "Don't know" the answer to a question. In very few instances is it worthwhile to force a respondent to make a choice. Where a respondent can choose to refuse to answer and instead chooses "Don't know," it implies the respondent either doesn't understand the question, or for some other reason has trouble answering. In the case of the consumer confidence questions, the percentage using this response in 1997 is disturbing.

Consider Table II which compares the use of "Don't know" for the five consumer confidence questions in 1997 for Ghana, and for the same month in Florida. What is immediately apparent is Floridians, and presumably respondents in other states, are accustomed to answering survey questions such as these. The same cannot be said for respondents in Ghana. Although the respondents appeared to be similarly comfortable as their U.S. counterparts in answering questions about current conditions, many were not able to answer questions that involved speculation.

There are socio-demographic differences in the 1997 data between respondents who used "Don't know" and those who did not. There was no difference between men and women, and little difference by age. However education, and the things that often come with it, such as owning a television, were associated with the ability to speculate on the future. For example, 34 percent of those with no formal schooling used "Don't know" when predicting

TABLE II

Comparison of percent of Ghanaians versus Floridians answering "Don't Know" to five consumer confidence questions in 1997

Question	Ghana 1997	Florida 1997
Current financial	3	1
Future financial	24	6
Business conditions over a year	19	9
Business conditions over 5 years	27	8
Good time to buy	7	8

the course of the Ghanaian economy during the next five years, compared to 17 percent of those with a university-level education. And while only 27 percent of those surveyed had a television, of those who did, 19 percent used "Don't know" when predicting their ability to meet their household needs in a year, compared to 27 percent for those without a TV. These results suggest that as Ghanaians become wealthier and acquire things, like radios and televisions that expose them to economic concepts, they will be less likely to respond "Don't know."

The results from the 2001 survey are even less encouraging. As mentioned above, due to an inconsistency in coding, the 2001 data do not distinguish between "Don't know" and "Refused." However, since the percentage who refused to respond in 1997 was relatively low, we can assume most of the non-response in 2001 is due to people responding "Don't know." Referring to Table III, the use of these categories added together is up dramatically from 1997, both in the current conditions and the expectations indices. Indeed, for four of the five questions at least a third did not offer an opinion. If the use of "Don't know" is a function of exposure to economic concepts, particularly through knowledge of English, why is the use of this category up from 1997?

Analysis of the percentage of respondents who refuse to answer or who answer "Don't know" by region demonstrates a lot of variability, but no clear pattern. That is, some regions have a high percentage of non-responders for one question, but not for another. And these regions do not appear to cluster by party or ethnic group.

TABLE III

Comparison of percent of Ghanaians with missing data (Don't Know or Refused) in 1997 and 2001

Question	Ghana 1997	Ghana 2001
Current financial	4	19
Future financial	25	37
Business conditions over a year	20	34
Business conditions over 5 years	28	37
Good time to buy	8	32

Analysis of these data by tribal affiliation shows a lot of variability in the percentage of non-responding, but no pattern by language group (e.g., Akan).

Researchers who work in developing countries, particularly those where democratic reform is in its infancy, often attribute reluctance to respond to suspicion about the intentions of the interviewer or the true identification of its sponsor. Given the outcome of the 2000 election where the ruling party lost, respondents may have worried about the consequences of answering.

Another possibility is respondents do not know the answer because of the political changes. In 2001, Jerry Rawlings had been the leader of Ghana for nearly two decades. For many who were responding, he was the only leader they had ever known. A dramatic change in leadership may make for an uncertain future.

Finally, it is possible that the 2001 survey was somehow conducted differently so interviewers invited more non-response. For example the 2001 survey was much longer than the 1997 survey (about 55 minutes), with the index questions moved nearer to the end. Nothing indicates that survey-instrument differences accounted for the change, but it is possible that training of interviewers could have been different. One possible scenario would be a failure of interviewers to attempt to explain the question adequately to those who did not speak English.

In evaluating results such as these the primary concern must be that the distribution of non-response is biased. Certainly, those who speak English and are thus more exposed to information about the

world market are more likely to respond. This may artificially inflate the consumer confidence index, as those who do not understand may be in a financial situation at best less dynamic than those aware of the market, and possibly worse. On the other hand, there does not appear to be a clear regional or ethnic bias towards non-response, where such biases in a political environment like Ghana's could significantly impact the level of the index.

Many Ghanaian respondents tend to be unable to answer these questions. This suggests future efforts to develop economic measurements that are survey-based will have to take this into account. Until Ghanaian respondents are accustomed to such questions, they must be explained in such a way that the respondent can offer an opinion. Other fundamental measures we may take for granted, such as the level of employment, may also require more explanation in a setting where people are not often asked these questions.

For the results in the next section, we can only make the assumption that the bias of non-response does not affect the trends. This may be a heroic assumption, given the increase in the percentage of non-responders, many of whom may have answered pessimistically were they to respond. Given the difficulty in collecting data, it is worthwhile to make the assumption.

CHANGES IN CONSUMER CONFIDENCE FROM 1997 TO 2001

Excluding cases where respondents did not, or could not, answer the question, there are some interesting trends in consumer confidence in Ghana during the past four years. Consider Figure 1 which compares the five components of consumer confidence in Ghana between 1997 and 2001. Two things are apparent from this graph. First, Ghanaians are more optimistic when answering the *future expectations* questions than they when answering the questions about *current conditions*. In both 1997 and 2001 the three expectations indices (those asking respondents to speculate about the future) are higher than those for current conditions (those asking about conditions as they are now). Second, Ghanaians appear to be more optimistic in 2001 for all index components than they were in 1997, with the exception of whether it is a good time to buy major household items.

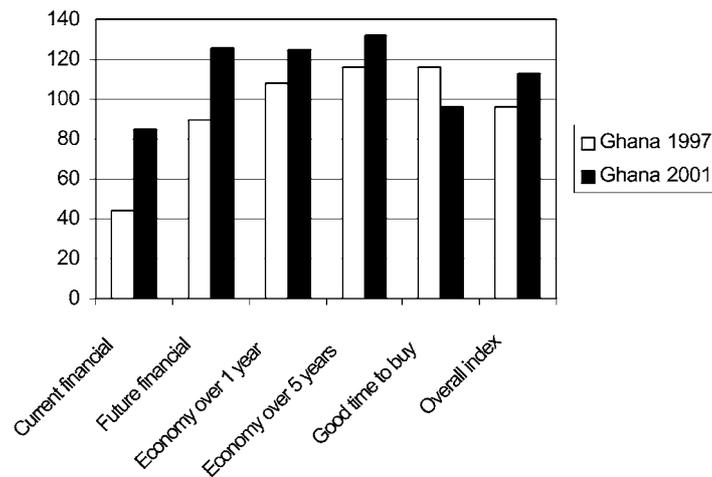


Figure 1. Consumer confidence and components for Ghana, 1997 and 2001.

By and large, when asked how things will be in the future, both for themselves financially and for their country as a whole, Ghanaians are upbeat. In 1997, despite answering pessimistically about their ability to buy the things they needed at present, they expected that things to improve. Contrast this to consumer confidence in the United States as presented in Figure 2 for the same periods. We see in some cases the expectations indices are lower than those for current conditions. Indeed, during the past year in the United States there has been considerable volatility in the components, so in any given month the factor responsible for the rise and fall of the index changes. Note the small difference in the overall index scores for the United States between 1997 and 2001, compared to the large differences in some of its components. Ghanaians, however, are consistently optimistic about the future.

This may be evidence of a real trend. Perhaps Ghanaians had reason to be optimistic about the future in 1997, and more so in 2001. There are visible infrastructural improvements in some parts of Ghana, particularly in areas of Accra where tall buildings and sidewalks now define the city center. Investment by the IMF and World Bank in Ghana has been favorable compared to many of its neighbors. Inflation fell dramatically during the four years, as it registered 46.6 in 1996, compared to 25.2 in 2000 (International Monetary Fund, 2001). Yet the percentage change in GDP

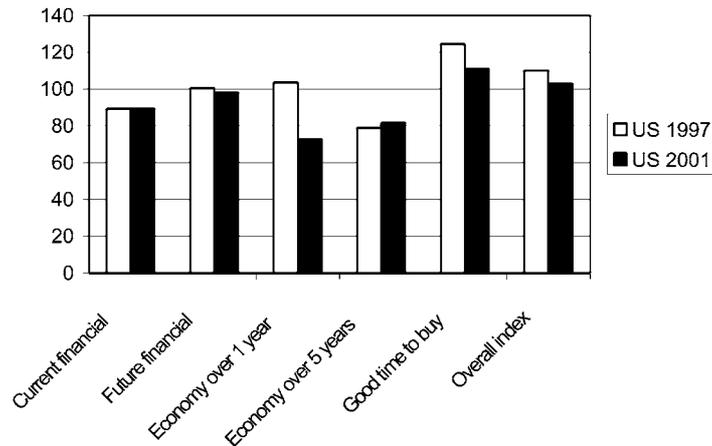


Figure 2. Consumer confidence and components for US, 1997 and 2001.

also fell, from 4.6 in 1996 to 3.7 in 2000, as did per capita GDP from U.S.\$366 in 1996 to U.S.\$250 in 2000. Per capita aid dollars are down from U.S.\$37 in 1996 to U.S.\$32 in 2000, but then so is Ghana's total debt service. Out of these mixed indicators, it is possible the typical Ghanaian does have reason to be optimistic and sees the changes of the past four years to be positive.

An alternative explanation is many Ghanaians are *culturally* optimistic – that is, when confronted with an assessment of the future, they always answer optimistically. Anecdotally, some Ghanaians who saw these results suggested many Ghanaians would always respond optimistically, no matter what their real prospects were. One informant went so far as to say that “a Ghanaian could be lying in the gutter with only the clothes on his back and if you ask him how things will go for him, he will say everything will be all right.”

Perhaps not all Ghanaians who are optimistic about the future, but instead a specific subgroup. We analyzed the 1997 and 2001 data by creating binary variables for each of the three “expectations” index components. Respondents who answered optimistically received a 1 and those who were neutral or pessimistic received a 0. A cross-tabulation of these three variables shows that in both years, those who responded optimistically on one component tended to respond optimistically on all three, and the majority of respondents

TABLE IV
Percent of tribal group responding optimistically on 1997 survey

Tribal affiliation	Sample size	Percent optimistic about personal financial future	Percent optimistic about Ghana over next year	Percent optimistic about Ghana over next five years
Ashanti (Akan)	473	30	49	59
Fanti (Akan)	259	28	49	57
Brong (Akan)	105	35	54	67
Ewe	258	65	81	91
Ga	122	63	69	86
Dagbani	151	59	77	84
Frafra	105	39	67	64
Dagare	128	35	54	67

(between 63 and 82 percent) responded optimistically on any given question.

While optimism tends to increase slightly on the expectations indices with wealth and education, it is not a strong relationship. Unlike the results from the previous section, being able to speak in English or having the interview conducted in English does not predict optimism. Thus, evidence of immersion in the market as indicated by wealth or the ability to speak English does predict whether a respondent can offer an opinion, but does not predict economic optimism.

An ethnic/tribal divide on these questions is somewhat indicated in the 1997 survey. Table IV lists responses to the expectations questions for those tribal groups for which we collected more than 100 responses. The first three (Ashanti, Fanti and Brong) all speak a variant of the Akan language group. The opposition party that lost in 1996 and won in 2000 has as its base the Akan-speaking people centered in the Ashanti region. These three tribal groups are clearly less optimistic in 1997 than most of the other tribal groups.

In contrast, the Ewe are centered in the Volta region, the homeland of the winning candidate in 1996, Jerry Rawlings. They were the most optimistic of the tribal groups listed in 1997. The Ga, who

TABLE V

Percent optimistic about expectations questions by region for 1997 and 2001 surveys

Region	Predominant Tribe(s)	Percent optimistic about future finances		Percent optimistic about Ghana over next year		Percent optimistic about Ghana over next five years	
		1997	2001	1997	2001	1997	2001
Ashanti	Ashanti	29	79	43	80	50	92
Brong ahafo	Brong	33	86	48	80	56	90
Central	Fanti	20	65	43	60	52	75
Eastern	Ashanti/Krobo	37	82	87	79	93	90
Greater Accra	Ga/Ashanti/ Ewe/Fanti	63	71	62	54	81	76
Northern	Dagbani	68	76	79	80	87	81
Upper east	Frafra/Kusal	36	74	64	84	63	92
Upper west	Dagare/Wala	43	86	63	84	68	93
Volta	Ewe	61	32	83	40	95	45
Western	Sefwi/Nzema/ Fanti/Wassa	39	74	62	70	81	78
All regions	All Tribes	43	73	64	70	73	82

are centered around the city of Accra, were also optimistic, as they clearly benefited from the resources concentrated in the country's capital.

While the 2001 survey did not ask respondents what tribal group they most closely identified with, as was asked in the 1997 survey, it did record their region. Table V shows the percentage of respondents who were optimistic for the three expectations components by region for both 1997 and 2001. Additionally, we have identified those tribal groups who make up large percentages of those regions. The results of Table V show how the outcome of the election affected Ghanaians.

The three regions dominated by the Akan-speaking tribal groups gained optimism between 1997 and 2001. The Eastern region, with its large Akan population, became more optimistic in 2001. The Volta region, dominated by the Ewe, the tribal group of the former

president, lost confidence. This was no doubt due in part to the rise of an Ashanti-ed party to the presidency, and the fact that the party of the former president, the NDC, was no longer dominated by Ewe-speaking people. Indeed, of all the ten regions, the Volta region was the only one with a *lower* percentage in 2001 predicting they would be financially better off over the next year compared to 1997.

Seeing an effect of elections on consumer confidence is not unique to Ghana. It is not unusual to see certain index components in the United State vary along political party lines depending on the outcome of an election. This was never more apparent than in the controversial elections of 2000. However, the components that are usually affected by this are those that gauge the respondent's predictions about the overall economy in the short and long run, and not on questions about their personal finances. In Ghana, these components are also affected, but Ghanaians also appear to see a direct effect of election outcome on their personal finances as well. Thus, in some ways the consumer confidence index in Ghana serves more as a gauge of voter confidence in the system than as a way of predicting consumption.

DISCUSSION

The literature on survey techniques in developing countries is extensive (Bulmer, 1998), and there are certainly other examples of survey research in Ghana (Bratton, Lewis and Gyimah-Boadi, 2001). Survey research in developing countries is often challenging. Researchers must be creative in their choice of sampling frames; and translation issues for some survey items has been recognized as a problem for more than a 100 years (Risley, 1891). Language issues in Africa are perhaps the most difficult to overcome, given the high proportion of monolingual speakers of a wide variety of languages from distinct language groups.

The results presented here are unique in that they represent an attempt to apply typical survey-based economic indicators in a country that is developing both economically and politically. We argue that the cost-effectiveness and convenience of survey-based economic indicators makes them ideal for developing countries where the infrastructure to gather data that we often take for granted

is not well-developed. Surveys should be taken often to get accurate assessments of economic conditions throughout the year.

Although we suggest that survey-based measures are useful in countries like Ghana, these data also imply some specific difficulties with question wording. Ghanaians may possibly be predisposed to respond optimistically when asked to speculate about their personal financial situation in the future or the future of Ghana as a whole. A large percentage of Ghanaians are also reluctant to answer these questions at all. The danger is that survey-based measures that ask respondents to speculate about the future may be significantly compromised by their reluctance to answer. Ghanaians also may assess the future differently than Western respondents.

We need much more data to answer this question definitively. Our conclusions so far are based on two points in time, both following very heated and controversial elections. The strength of most survey-based measures is in their comparison from one time to the next, typically month to month. In the United States, survey-based measures such as consumer confidence may vary significantly from month to month, as they are designed to measure the impacts on consumers from a variety of sources – the outcomes of elections being just one of those sources.

Although surveys are less expensive to implement and analyze in developing countries than other economic indicators, they are more expensive to implement in developing countries than in those where surveys can be conducted by mail or by telephone. Like most developing countries, surveys in Ghana must be conducted in person, and to be truly representative of the population, often require interviewers to make heroic efforts to retrieve responses. In the 1997 survey interviewers occasionally traveled for two days to get to an interviewing site in the “overseas” part of the Western region (so-named because it is as inaccessible as a site overseas). Some of this cost could be defrayed by using a panel design, much like the Conference Board does in the United States.

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