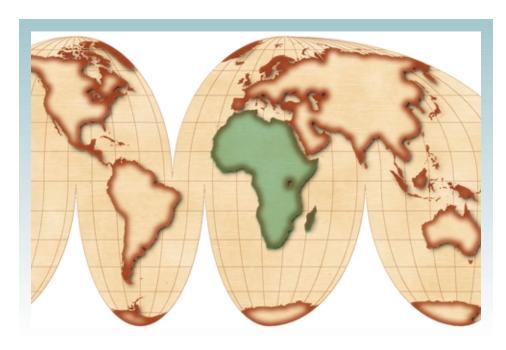


Rethinking Globalization in Africa

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Introduction

The most important word in today's economy is globalization. The potential effects of globalization are many and far reaching, due to this phenomenon's scale and nature. This paper situates the process of globalization in the wider context of economic progress, cultural identity, freedom, security, participation and the wellbeing of nations. Thus, the authors recognize globalization not just as a process that concerns itself with objects or simply about figuring out ways of distributing resources and

products, but as a process aimed at enlarging all human choices, as well as at building and using human capabilities to live above deprivation. In the context of this paper, globalization must embrace issues of economic growth, social and capital investment, and political and cultural freedom of nations. Development therefore is defined as the process of unleashing people's creativity and building human capabilities while expanding their choice options for active popular participation in the process of economic growth.

The aim of this paper is to explore the implications of globalization trends for the development of African countries. The causes of globalization are identified and the competing "convergent" and "divergent" integrations of the impact of globalization on Africa's social and economic progress are discussed. The paper explains how the processes of globalization combined with the "commodification" of education are bound to reduce the capacity of Sub-Saharan African countries to minimally use economic policies to foster human development. Finally, we conclude by summarizing both the advantages and disadvantages of being part of a global world and suggest some ideas of how to make partnership equitable in outcome.

Globalization and Development Alternatives: Historical Explanations

In order to better understand the significance of globalization in the African context, we must recognize that this is the fourth stage of economic integration with the North in the continent. The first instance of outside penetration of Africa was the period of slavery, when Western merchants bought from African slave traders



Africa's most valuable resources: men. women and children. The second stage was the era of colonialism, when the nations of Europe at the Berlin conference of 1884-85 divided up the continent with utmost disregard to ethnic or cultural boundaries. The third stage has been termed "neo-colonialism," what Pope Paul VI called "the form of political pressures and economic suzerainty aimed at maintaining or acquiring dominance." This stage was marked by conditionalities and factors outside the control of Africans that had set the political and economic agenda that set trade patterns, investment policies, political alliances, and debt arrangements. For instance, over the last three decades the World Bank, IMF, and World Trade Organization (WTO) have increasingly imposed certain economic conditionalities or trade requirements on borrowing countries as a condition of their access to foreign direct investment or trade markets. These include contractionary monetary policy, trade liberalization and a list of "micro-interventions." The asymmetries and imbalances in the global trading system and reform, including a number of WTO agreements and neo-liberal conditionalities, constitute serious impediments to economic growth and development in Africa, as demonstrated by UNCTAD's comprehensive assessment of the sustainability of these interventions (UNCTAD 2002:47).

Beginning in the last decade of the

20th century and into the 21st century, we have entered the fourth stageprobably the most repressive approach to development called glob-

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alization which is driven by neo-liberal ideology. This was fueled by free trade regimes or what has been called "Global Liberalization," which is

strengthened by the push toward international location of social and economic activities. This stage has the following distinctive features: shrinking space, shrinking time and disappearing borders. But this era is different from past eras because of the emergence of new markets, new information and communication technologies, and new actors such as the World Trade Organization, the World Bank, and IMF-all of which have authority over governments and the power to impact equity in wealth distribution. In this particular stage, market mechanism is closely integrated with other aspects of social relations, while in the other stages of engagements social and political relations were separated by consideration of values other than price. Indeed, the multilateral trade disciplines introduced by the WTO prohibit the use of some key policy tools to promote exports and protect infant industries. This has made it extremely difficult for African countries to follow a vigorous policy of infant industry protection and export subsidization to shape their own development model and guide against decline in social indicators such as education and health. Again, indeed Africa has not benefited from opening up its markets but rather has faced loss of some of the very instruments that supposedly had fueled the East Asian development. In other words, by all standard measures of economic growth, education and literacy outcome, the era of globalization has



brought less progress to the continent. At the 1995 World Summit for Social Development, nations of the world took note of the dualism: that the rapid processes of change and adjustment have been accompanied by intensified poverty, unemployment and social disintegration. These are the forces polarizing the world into the connected and the isolated.

Uneven development is not without consequence for people, just as globalization is not without pushing toward a borderless world, and it also provides ample evidence for the reduced ability of nations to control their own economies or to define their own national economic aims (Reich 1999). It is therefore consistent to assert that while globalization has some positive and innovative aspects, it also has negative, disruptive, marginalizing and exclusive effects. The exclusion of countries and of people from free development has become the acceptable norm, and the proposition that economic growth, or economic efficiency will ultimately improve the lot of the people by "trickling down" has received a widespread acceptance.

The state of affairs that we now see in Sub-Saharan Africa provides enough grounds for us to negate the process of globalization, which has ruined one African economy after another. Some of the negative effects of the globalization process include expanded domestic markets for goods and services coming from the North, the hindering of human development, the undermining of investment in human capital and the eroding of

human rights in society. Globalization views Africa and Africans as components of a global free market, independent of consideration of livelihoods and integral human development. In sum, this process has rendered millions of African people redundant while condemning many others to street life.

What is Globalization of the Economy

What is the globalization of an economy? The term globalization refers to the process in which global markets are more and more closely and immediately linked, deregulated, and accessible to more and more people then, hitherto, with new "actors" and agents that transcend natural boundaries. Intuitively, globalization is a process fueled by, and resulting in, increasingly borderless flows of goods, services, money, skilled and qualified manpower, information and culture (Held et al 1999:16). There are debates as to the meaning and effects of globalization as well as about whether it is "new' and, if so, in what ways. No matter what is the definition, globalization is dynamic and real, causing numerous and often radical changes in all places. The process itself can be seen as a hugely positive or grossly negative depending on distribution of its wealth. Amartya Sen (2002) indicates that globalization is not a new phenomenon and that it contributes positively to economic growth. It is a process that has taken different dimensions that can be traced back to 1000 A.D., when the global reach of

science, technology, communication and transportation transformed the old ways of doing things and conducting business. He further reiterated that to see globalization as merely Western imperialism of ideas and beliefs would be a serious and costly error. "It is much bigger-much greater-than that," he added.

The distinctive feature of the present era is the linking of people's lives more deeply, more intensely, and more immediately than ever before with market forces (UNDP, Human Development Report 1997:83; 1999:1). As such, globalization is a reflection of the interconnectedness between individual life and global features, the process of increasing economic, political, and social interdependence and global integration that takes place as capital, traded goods, individuals, and values diffuse across national boundaries. In short, it is a process of extraction of values (note: not surplus value) from economic, political, and social goods. It disempowers the poor and undermines the ability of governments to develop the economics and social infrastructure on which a sustained reduction in human poverty depends. Thus, there are numerous definitions of globalization.

What Type of Marriage is Globalization

The term globalization has rapidly gained theoretical prominence and intellectual cachet in the last decade. It is also used to supplant the equally slippery and catchall term "postmodernism." It is characterized by the



emergence of a world system driven in large part by the need to develop a fourth world, while bringing nationstates into the orbit of the world capitalist economy in order to create an ever-expanding market and to gain a source of multi-skilled cheap labor and raw materials. This was also the goal of colonialism and neocolonialism. That is to say, globalization is isomorphic with a kind of multi-mediated economic and cultural imperialism that in an earlier age was termed imperialism. Thus, the process in general signifies a terrifying compression of the world-a brakeless train wrecking havoc on societies, breaking down national and cultural barriers, setting up new social orders that have led to the erosion of local capacity and capabilities for peace and nation-building.

Globalization also means different things to different people. Some scholars have used it in a "positive" sense to describe a process of increasing integration into the world economy. To them, globalization is the realization of increased human mobility, the organization and expansion of economic activities across national boundaries, and it opens new opportunities for sustained economic growth and development of the world economy. To Amartya Sen, it permits countries to share experiences and learn from one another's achievements and difficulties, and promotes a cross-fertilization of ideals. To others, it is a result of the market system (restrictive economic practices) unleashed on a worldwide scale that can lead to a marriage of equals or rape that can

either foster comparative economic advantage or intensive extraction of economic resources. We see it as the intensification of worldwide social relations which link distant locations in such a way that local consumption patterns and policies are shaped by economic and social interests of the rising tide of global technology and global culture. More precisely, globalization can be defined as a process of economic openness, growing economic interdependence and deepening economic integration into the world economy. In a nut shell, we propose to combine our perspective with that of other scholars and define globalization as a process of developing distinction" between space and time, and an increasing interdependence of national economies in trade, finance, and macroeconomic policy. Thus, it can be considered a feeble process that challenges the authority of nation-states by prescribing technological and market solutions to economic development and reforms.

To further understand the multiplicity of definition and the injustices of globalization, we need to see how partial economic integration stunt the ability of nations to gain access to the resources that will enable them to function as equal partners in this marriage. Bad rules, bad trade agreements and bad policies in this marriage have brought about changes that have led to a New Order. The New Order is what we refer to here as the "Fourth World," made up of multiple "black holes" of social exclusion, or pockets of slums, and disabled nation-states that have

increasingly suffered tremendous human cost amidst world trade expansion. This new geography of social exclusion is also present in literally every country, and every city.

Clearly, the new order shifts solidarities within and between nation-states, and deeply affects the constitution of interest group identities. Other positive consequences of globalization are increases in human mobility, increases in global wealth and trade, enhanced communication and transportation, and technological development. These are key measures for economic growth but not sufficient measures for human well-being. This is probably the reason why rapid processes of change and expansion and adjustment have been accompanied by intensified poverty and misery, unemployment and social disintegration. But there can be greater longer-term profit for all if the marriage is of equals so that everyone is developed to their full functional capacity.

Globalization and Africa: Some Critical Issues

In the context of Africa, the main actors in the game of globalization are: (1) multinational corporations, (2) multilateral agencies, and (3) counterpart African elite agents. These actors have good intentions but their economic and strategic interests are most often in conflict with nation-states' sovereignty and development (See Geo-JaJa and Mangum 2000). An examination of the nature, scope, and effects of globalization on the African economy indicates that globalization violates



the principles of free and equitable engagements in global trade and just distribution of world income. This old phenomenon, cloaked as a new strategy, has failed to reconcile the interests of the economically rich and strong and the economically poor and weak peoples and nations of the world. In fact, globalization is diminishing the economic competitiveness of an increasing number of countries outside the Triad (the European Union, North America, and the Pacific Rim countries, notably Japan). Not only has it failed to "decommodify" development, it has also protected the interest of the triad that dominate world markets and finance. This action that has far reaching implications in the distribution of the benefits of globalization is directly correlated with social tensions and conflicts, poverty and underdevelopment in Africa today. This is how globalization creates unparalleled opportunities for some but shrinks those opportunities for others and erodes human security.

The reality that has unfolded so far belies the expectations of this marriage that were to lift all nations out of poverty, but rather it has turned into the rape of Africa. Furthermore, its side effects are equally horrific, ranging from the spread of conflicts to the creation of a world monoculture that destroys local traditions and squelches cultural diversity. In this marriage or partnership traditions have to explain themselves and become open to interrogation or discourse. This is what African traditional social order had to encounter as a result of globalization

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(Giddens 1990). In so many ways socioeconomic order or institutions have become hybridized and superimposed by global culture of consumerisms and neo-liberal ideology.

The next section demonstrates through the use of data that expansion in trade and economic growth during the period of globalization has been for Africa an experience of unequal marriage-and even rape-in that Africa has been bypassed by the phenomenal increases in global trade (UNDP, 1997:82; UNCTAD 2002).

The Exclusion of Africa from the Gains of Globalization

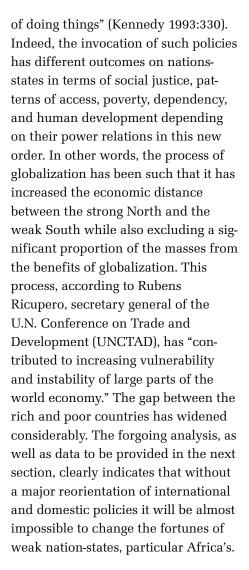
It is important to point out that the significant gains in trade and foreign direct investment and wealth produced by globalization are concentrated in the Triad countries. In loser countries, differences in standard of living and income inequality have increased and reached levels not recorded in the previous stages. In spite of data limitations, available statistics and numerous studies including that of the World Bank, UNCTAD, and the UNDP, all suggest that globalization brought about "divergence" rather than "convergence." A perfect case in point is the polarization in income and economic gap and the human development indicator gaps across regions and countries and also within countries. In terms of trade, Africa's terms of trade which averaged 1.1 percent annual growth from 1975 to 1984, drastically fell to -6.8 percent during the period 1985 to 1989, and then slightly recovered to an annual aver-

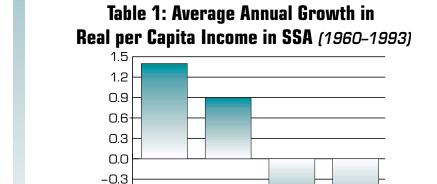


age growth of 0.4 in 1990s. A similar situation was found with exports. For instance, manufactured goods exports which stood at 32.5 percent in 1980, drastically fell to –2.7 in 1997. Therefore, it is important to note that although trade flows in general rose in nominal terms, export coefficients in Africa followed a pattern similar to that just seen in terms of trade.

Giddens (1990:65) adds an interesting perspective to this discourse by asserting that globalization is a process of uneven development that fragments as it coordinates. It is a product of economic and cultural fragmentation, and "enduring crossnational differences" (Giddens, 2000). In a similar vein, Gilpin (2000:294) and Held et al. (1999:243) argue that globalization is a fragmented, incomplete, discontinuous, contingent, and in many ways contradictory process.

Globalization undermines the authority of the nation-state, erodes the position of labor, and empowers multinational corporations that create destructive political tensions, and imbalances between economic and political institutions. The challenge to the authority of the nation-sate is associated with neo-liberal ideology that led to the rise of global agencies (e.g., WTO, IMF, and World Bank) and cities (e.g., Washington DC, New York, London and Paris), who's role and stature transcend the nation-state in which they are located. This process of denationalizing of national authority and the international location of economic activities, writes Paul Kennedy, "confronts the task of reconciling technological change and economic integration with traditional political structures, national consciousness, international agreements and habitual ways





1960-70 1970-80 1980-90 1990-93

Source: UNDP Human Development Report 1996

Table 1 shows the average annual growth in per capita income in Sub-Saharan Africa, from 1960 to 1993. A negative growth rate of -1.0 is found during the 1980-89 period, and this rate went further down to -1.2 during the 1990-93 period.

Africa: The Exploited and Marginalized Continent

Statistics on trade and income also point to the negative effects of globalization on Africa. The African conti-

-0.6

-0.9

-1.2

-1.5



nent, with a population of about 745 million in 1999 or about 12.5 % of the world population, carried only 1.5% of world trade and controlled only 1.3% of world income. The terms of trade at the end of the 1990s were 21 percent below that which was attained in the early 1970s.

According to the World Development Report 2000/2001, of the 64 countries ranked as "low income countries," 38 are in Africa (World Bank, 2001). Another ranking by UNDP is similarly dismal: Of the 36 countries grouped as "low human development" countries, 29 are in Africa (UNDP HDR 2002). This ranking is based on a wide range of social indicators such as life expectancy, literacy rate, infant mortality rate, and public expenditure on education. Notably, the Human Development Report of 2002 reported that among 50 African countries, at least 29 still spent more on debt service to foreign creditors than on health, and at least 13 spent more on the military than on health. For most African countries, economic growth fell from 4.0 percent yearly from 19966-1973, to -0.7 percent yearly from 1985 to 1990, and to -0.9 from 1991 to 1994 (World Bank 1996:18). Average income per head is lower in 2000 than it was in 1980. Unemployment increased from 7.7 percent in 1978 to 22.8 percent in 1990, and subsequently reached 30 percent in 2000. By 1990 public sector wages had declined by not less than 90 percent of what they were in 1974 depending on which country is in question.

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"champagne glass economy," which refer to a picture of the global economy in which the minority (20 percent) of the world's richest population receives 86% of global income, while the poorest 20 percent receives just 1 percent of world income (UNDP HDR 1992). Remarkably, most multinationals command more wealth and economic power than most nation-states do. Indeed, of the 350 largest multinationals, their combined total revenue in 1998 accounted for 40 percent of global trade, and their turnover exceeds the GDP of many countries (UNDP HDR 1997, Table 4.1:92). In Sub-Saharan Africa, more than 40 percent of its 630 million people live below the internationally recognized poverty line of \$1 a day. As for foreign direct investment, 68 percent goes to the richest 20 percent, while only 1 percent to the poorest 20 percent.

Another good measure of the imbalances that characterize the globalization era is information flow via Internet. The North controls 96.5 percent of all Internet services while African countries control just 0.2 percent (UNDP HDR 1999). Has Africa ever been treated by the main actors of the game as an equal partner in the global economy and trade? The answer is: Never! Consider this simple fact: Africa's share of 3 percent in world trade in the 1950's shrank even further to less than 2 percent during the 1990's. Was all this a deliberate design of globalization policy? The answer to this simple question can be in the affirmative or its alternative! Again this depends on how the global



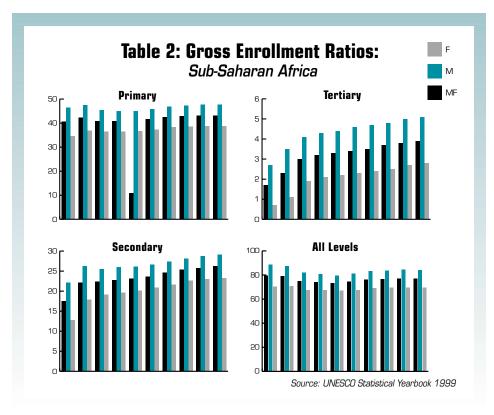
marriage is contracted.

This process of marginalization has speeded up in recent years, as the UNDP Human Development Report 1999 pointed out:

Some have predicted convergence. Yet the past decade has shown increasing concentration of income, resources and wealth among people, corporations and countries. ... All these trends are not the inevitable consequences of global economic integration-but they have run ahead of global governance to share the benefits. (UNDP HDR 1999: 3)

Globalization's misdirected strategies have introduced a new dimensionthe exclusion of people from the benefits of development by accentuating social tension, and social fragmentation among countries and within countries. Clearly, these outcomes of globalization as exemplified in widening income inequality and terms of trade, mounting debts, and poverty threaten the very existence of the continent.

Without adequate checks and balances of the activities of multilateral agents and a new order of international cooperation filtered through a new system of globalization approach that puts human welfare and social justice over internal efficiency of inputs, globalization will severely mitigate human development, undermine investment in human capital, and erode human rights and "true" economic growth. In fact, these activities and services are actually squeezed out by globalization



in the name of efficiency. For example, in Sub-Sahara Africa education and health reforms have been counter productive and have given rise to imbalances in access and quality. Because of these reforms some 250 million people lack access to water, and another 200 million are without health services.

To a large degree the record of other social sectors is more dismal than that of education. The picture on the education sector is not as uniformly bleak as the case of health indicators. With spending cuts on education, coupled with decline in economic growth, it should not be surprising that Africa showed less improvement in almost all education indicators (Geo-JaJa and Mangum 2002). A sharp drop occurred in the quality of pri-

mary schools that gives the highest social rates of return to all investments (Woolman 2001). It is worth mentioning that the rate of increase in the percentage of the overall population enrolled in secondary education slightly increased. This might be a result of the elongation of employment degree requirements. People feel that more education gives them a better chance of employability. Evidences on education indicators demonstrate that Africa did worse due to globalization except at the tertiary levels that realized 0.85 percentage points increase annually (see Table 2).

The Washington Consensus Prediction for Africa

Globalization's adverse effect on the African continent is also recognized



by some of its main actors. A very interesting document, which was formulated under the title "Global Trends 2015: A Dialogue about the Future with Non-Government Experts," by the National Foreign Intelligence Board under the authority of the Director of Central Intelligence of the United States government shows how brutal the policy discussions are in Washington about the future of Africa. The following quotes from the document, which is public, and which can be retrieved from the CIA web site, make this clear. Under the subtitle "Sub-Saharan Africa, Regional Trends," the CIA projects this future of Africa:

> Most African states will miss out on the economic growth engendered elsewhere by globalization and by scientific and technological advances. Only a few countries will do better, while a handful of nationstates will have hardly any relevance to the lives of their citizens. As Sub-Saharan Africa's multiple and interconnected problems are compounded, ethnic and communal tensions will intensify, periodically escalating into open conflicts, and sometimes spawning secessionist states. (National Intelligence Board 2000)

This is an attestation of the concern of this piece that the current international arrangements or the goals of international cooperation will not permit Africa to share in the positives of globalization.

Conclusion

As the African Director of the International Labor Organization rightly points out; globalization is responsible for Africa's decline in an expansionary world economy. The result of globalization is that Africans, in almost all cases, continue to undergo a disintegration of their traditional lifestyles and suffer social, political, and economic regression and instability. Nation-states and their citizens are becoming mere appendages and outposts of the more developed economies of the world, as multilateral agents have refused to protect their constituents against the onslaught of globalization. Available evidence shows that there has been a divergence, rather than convergence, in levels of economic growth and trade relations between regions, countries, and within countries. For some countries, particularly those in Africa, it has been associated with deepening of poverty and the accentuation of inequalities in gains in trade expansion. The distribution of the gains and costs of globalization as indicated by Amartya Sen remains its major critic. Indeed, globalization has created an opportunity for some people and some countries that were not even dreamed of years ago. Others have warned that the dynamics of fusing the peoples of the world into one race would be cataclysmic. Africans and their governments should not only take reasonable measures to protect their respective economies, but they should also ensure the integrity of their respective countries as sovereign

and viable members of the international community.

The philosophy of minimal government suggested by the predominantly materialistic ideology currently in vogue should give way to the philosophy of effective and dominant national governments in Africa. In this vein, the concern for efficiency must be balanced with the concern for equity, just as the concern for economic growth must be balanced with a concern for social progress. Clearly, time has come to evolve a new consensus on development through new and higher levels of cooperation and consultation, filtered through a new system of moral values that puts human development and social justice ahead of the predominant commodification of globalization paradigm. Finally, the risk of globalization and that of market reforms in Africa that supposedly would reflect and reinforce their integration into the global economy will only lead to the disintegration of its economies, and raise political instability and social tensions associated with globalization.

New Policy Directions for Stakeholders

It is true that globalization and markets have a logic of their own, which leads to inclusion for some and exclusion for others, or affluence for some and poverty for others. It is equally true, however, that the globalization process can be-and should be-reformed so as to ensure that weak nation-states get a fair share and a fair opportunity in the game. Thus, weak



nations who have been bypassed by the benefits of globalization need to play a more active role in the globalization process. With these realities of globalization outcomes, we hereby proffer some correctives and interventions that would make for more equitable distribution of the fruits of globalization and for a broader based social development approach. The cooperation of the international community and the role of government is crucial, particularly in the reforms of "institutional arrangements" (Sen 2002), and the provisioning of social services such as education that foster inclusion. Whether globalization could have "a human face" will depend largely on the willingness and sincerity of these key players to "place human development and the public good above the pursuit of corporate self-interest and national advantage" (Oxfam 2000). For discussion, we now submit the following concrete correctives and interventions. The objective of these measures is only to foster inclusion where markets exist and to create markets where they do not exist. The inclusion of people in the process of globalization requires the following:

- 1. A basic change in mind-sets is vital for massive investment in human development, for there is not much gain in finding excuses for Africa's problems.
- 2. Increased access to education, massive investment in basic social services and an increase in social consumption. This means building

- capabilities, which must be matched to the needs of the market. This will make the unemployed and underemployed employable through education and economic reforms that are conducive to employment creation. In an analysis of development strategies that are likely to produce social justice and equitable outcomes, Geo-JaJa and Mangum (2000; 2001) emphasize similar factors: education and training, employment creation, government intervention and the reprioritization of stakeholder's allocation to education, particularly basic education.
- The creation of efficient and effective institutions to mediate between economic and social development will ensure a steady increase in social consumption.
- 4. The development of economic and social infrastructures, which will facilitate capacity-building and economic and political empowerment to the masses. This requires reinventing national authority with human development and equity at the core.
- 5. The strengthening of nationstates and by way of stronger government. Contrary to suggestions by the predominant paradigm, the role of governments is extremely vital, particularly in creating efficient

markets and subsidizing of social activities. The central role of government is to ensure a steady increase in social consumption, choice expansion, and assures equity in the distribution of the benefits of globalization. The objective of this intervention is to limit the adverse effect of social exclusion, and to provide some mutual checks and balances in the sharing of the benefits of globalization. Without these correctives and interventions, globalization would continue to be less relevant for growth with development, especially in weak nation-states.

We conclude with a call for international solidarity and the invisible heart of human development, not hand of the market forces. In the face of the misdirected approach of globalization, the challenge is not to stop the expansion of global markets, but to find the rules and the institutions for stronger governance to preserve the advantages of global markets and competition, and also to provide enough space for locals, communities, and nation-states, and to ensure that globalization works for people, not just for profits (UNDP HDR 1999:21). All stakeholders of globalization, particularly multilateral agents, have a major role to play in the decommodification of globalization so as to make great strides in both economic growth and human development in the world.