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Trapped in Development Crisis and Balkanisation: Africa Versus Globalisation

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Abstract

Undoubtedly, globalisation is a complex process. It is touted as having the potential to accelerate Africa's development if the continent's economies would be reformed in accordance with market principles. But clearly, globalisation is widening the disparities between the developed and developing economies. Africa's economies, in particular, are experiencing severe stagnation and, in some case, decline. By exacerbating Africa's development crisis, globalisation further poses a challenge to Africa. It emphasizes economic integration as the only viable alternative for survival in this New World order, and the urgency for a renewed commitment to the African Economic Community (AEC). Given the inherent weakness of existing regional integration schemes and the constraints in the development environment, there is also the need to reformulate the theoretical basis of the African Economic Community by incorporating the idea of "variable geometry" to enable countries to join the AEC as and when they can cope with the economic and political demands of integration.

Introduction

The current attention to globalisation coincides with the general conceptualisation of regional economic integration as a potentially viable option for economic growth and development in Africa. However, not all analysts agree on globalisation's positive contributions to African development. Consequently, its potential impact on economic development has been a matter of intense debate. While some analysts see it as necessary for Africa's development and the wellbeing of its people, arguments outlining its negative implications for Africa, and the develop-

ing world as a whole, appear overwhelming. Regarding production and exports of goods, Africa is marginalised in the international system. This should be a matter of concern when one also considers Africa's elusive pursuit of viable integration schemes and the crusading nature of globalisation.

Between 1970 and 1974 the share of developing countries in world trade was 20 percent. This increased to 28 percent in 1996. Africa's share in world exports (excluding major oil producers) declined from 3 percent in 1970 to 1.5 percent in 1996.¹ There are growing imbalances in foreign direct investment (FDI) flows as well. UNCTAD's 1997 report shows that slightly over 4 percent of FDI for the developing world came to Africa. This amounted to a paltry \$3.5 billion. Of the 37 percent of the total OECD's foreign direct investment that went to the developing world in 1996, over one third or nearly \$45 billion went to China. The World Bank noted also in 1996 that 73 percent of such FDI went to just twelve countries. Estimates from the African Development Bank (ADB) show that Africa's share of the FDI to developing countries over the years has declined from an average 16 percent in the 1970s to 10 percent in the 1980s; and an insignificant 5 percent by the mid-1990s.² For such precipitous decline to take place during a period most African countries had liberalised their economies, become caught in the global conundrum; and adopted several measures to strengthen regional economic integration indicate serious developmental problems for the continent. Globalisation, the half-hearted attempts at integration and poor domestic policy formulation might have exacerbated these problems. It is also likely that African economies are incapable of growth irrespective of the measures taken.

Four main issues inform the analyses in this paper. First is the debate over the extent of African integration into the global economy. The presumption of the proponents of the intrinsic salience of globalisation to Sub-Saharan African (SSA) development seems to be that the more extensive or deeper the integration of a particular economy into the global economy, the greater the benefits in developmental terms. Second is the nature of globalisation and how it relates to current African developmental conditions. Third is the nature of African responses in the form of liberalisation and economic integration and development. The fourth is the challenges such an interplay of globalisation and economic integration pose to Africa.

I argue that even though globalisation has positive sides, its overall impacts on African economies pose serious challenges to African economic integration. Due to globalisation's crusading nature (propelled largely by international finance capital), states appear to have lost the capacity to regulate economic relations between people, sectors and certain actors in society and countries. Consequently, states within various integration units have difficulty implementing agreed protocols. This is a situation that impacts negatively on an individual nation's development as well as regional co-operation and development. And it has been com-

pounded by the current phase of globalisation and the uncritical adoption of neo-liberal economic measures that have undermined industrial expansion and production capacity within regional blocs, especially in developing countries. First, I examine the features of the historical antecedents of the current globalisation phenomenon in Sub-Saharan Africa (SSA) This is done in the context of the debate on whether or not Africa has been sufficiently integrated into the global economy. The second section is devoted to the nature of globalisation as it relates to the economic conditions of the developing world, including Africa. Section three discusses Africa's responses to its developmental conditions in the form of economic and political liberalisation and economic integration.

The final part highlights the challenges posed to Africa's integration. I argue that some of the current obstacles to integration in SSA are carry-over from earlier phases of globalisation, among others. Nonetheless, Africa's increasing marginalization is attributable to the impacts of failed domestic policies, half-hearted approach to economic integration and the nature of globalisation itself. I suggest, among other consequences, that acceding meekly to the dictates of globalisation equally constitutes a serious threat to Africa's economic integration and *ipso facto* the development of individual countries. The logic of globalisation is a threat to weak, impoverished and dependent states with weak and fragmented markets. To counteract this developmental threat to individual countries, African leaders should move beyond the realm of rhetoric and renew their commitment to African economic integration.

Globalisation: A Historical Note

Undoubtedly, the globalisation phenomenon in Sub-Saharan Africa has strong historical underpinnings. Colonial conquests of Africa in the late 19th and early 20th centuries represent the first major wave of globalisation. Internationalisation of capital was the linchpin of globalisation during those periods, which resulted not only in the domination but also balkanization of Africa by the imperial powers of Europe. European interests were the driving force. Karl Marx notes how

the colonies provided a market for the budding manufactures, and a vast increase in accumulation which was guaranteed by the mother country's monopoly of the market ... Today, industrial supremacy brings with it commercial supremacy. In the period of manufacture, it is the reverse: commercial supremacy produces industrial predominance.³

Under the cloak of a civilising mission, territories were acquired by European powers spearheaded by Britain. Contrary to this imperial mission, Africa's underdevelopment has been attributed, among others, to several centuries of Western domination during which economies and societies were structured (and

continue to be structured) through several mechanisms, in ways which continually reproduce poverty, inequality and political and economic crisis.⁴

The earlier phases of globalisation that in effect were characterised by imperial domination of underdeveloped areas represent epochs in African development. They were periods of domination and exploitation that effectively consigned Africa to produce primary raw materials for industries in Europe; while Africa served, by and large, as markets for European manufactured goods. Consequently, the existing mode of indigenous intra-African trade was curtailed or suppressed and Africa's trade was redirected toward Europe. With few exceptions, transport networks were not designed to link the colonies with one another but rather to facilitate the exploitation and export of raw materials to Europe.⁵

The immediate post-war era represents yet another phase of globalisation in Africa. Whereas giant multinational corporations effectively took over the role of European states in the exploitation of the developing world, internationally financial institutions like the Bretton Woods institutions emerged to regulate international economic relations. They enforced rules for commercial and financial relations among developed industrial as well as developing countries. African states, then politically and economically weak and subordinate during the period, were not represented at the Bretton Woods conference; but the system for regulating international finance and development applied to them as well. This is because although some of the former colonies had achieved some form of industrialisation based on the processing of local raw materials "productivity levels outside the primary-export 'enclaves' grew slowly and the state remained weak in most countries".⁶ And since Sub-Saharan Africa had been structurally linked with the industrialised countries for centuries through "formal and informal imperial relations, these states had little choice but to acquiesce in the international economic system established for them".⁷ Is Africa well integrated into the global economy? Nicholas van de Walle (1999) for example, points to Africa's long-standing integration into the world trading system. In 1854, for instance, West Africa exported some 37,631 tons of palm oil to Great Britain. By the close of the century this figure had reached 50,000 tons. Again, in 1854, trade in groundnut between France and Senegal had reached 5,500 tons.⁸ Europe exported assorted merchandise to Africa in return. This trend has continued till now. Therefore, the assumption that Africa "is not rapidly becoming more integrated into the world economy today",⁹ is clearly untenable.

Obviously, this flawed assumption is premised on the World Bank's index to gauge the speed of Africa's economic integration in the 1980s using four main indicators: the ratio of real trade to GDP; the ratio of FDI to GDP; the credit ratings of *The Institutional Investor* magazine; and the share of manufactures in exports.¹⁰ Others use Africa's diminishing exports to the international market between 1970 and 1996 as the criterion for assessing the level or extent of Africa's integration into

the global economy.¹¹ The use of manufacture export as one of the criteria and the exclusion of primary and semi-processed exports from the developing world, implies that a country or region that depends on the export of primary products as opposed to manufactured exports is not a key part of the international trading regime, and is in effect marginalized. Also, if one takes the ratio of FDI to GDP, it cannot be assumed that a low FDI is indicative of low integration in the world economy. There are several other mechanisms by which Africa has been integrated in the world economy – trade, communication, financial markets for example. Diminishing volume of transaction in such sectors compared to other regions of the world should not be construed as insufficient integration in the international system. Rather they are indicative of Africa's inability to expand its productive base and lack of flexibility in responding to changes in the international economy (Elbadawi and Ndulu 1996: 79-86).

Globalisation: Current Trends

In contrast to the earlier phases of globalisation, the current globalisation is an elusive and complex phenomenon,¹² whose distinguishing features include the extensiveness and intensiveness of the interconnectedness of different peoples and societies.¹³ Globalisation is neither obstructed nor constrained by territorial or jurisdictional frontiers of nation states. Although it manifests itself in different forms through the centuries, the current trend differs from earlier phases in several ways. On account of the sheer magnitude of current economic development in the industrial world, the rapidity of technological innovations, and the speed of dissemination and adaptation of new ideas in almost any other sector or country, earlier phases of globalisation were not as obtrusive or pervasive.

Globalisation, has several facets and is propelled by numerous forces which concurrently shape current economic, political, technological, financial, and socio-cultural interactions on a global scale. The current trend is being driven across the developing world through the generalised implementation of the neo-liberal economic paradigm. Neo-liberalism lays emphasis on deregulation, fiscal balances, open markets, withdrawal of the state as an economic agent, and the re-enactment of labour and investment laws to induce the movement of international capital around the world.¹⁴ These have given globalisation a distinctive economic character with the following features or underlying causes, among others:

- the interpenetration of national markets for assorted goods, such as, industrial products and labour across national boundaries. This was made possible by the mobility of capital;
- the technological revolution that has led to several inventions and discoveries in the scientific fields that are quickly disseminated across borders, replacing Fordism whereby capital intensive assembly line replaced dependence on

unskilled labour, and mass production of goods that need outlets in the global market became a distinctive feature of industrial activities;¹⁵

- the emergence and strengthening of private and public economic institutions embracing multinational or transnational enterprises and strategic business alliances;¹⁶ and
- the phenomenal growth in financial markets whose global turnover is estimated to have risen from \$188 billion in 1986 to \$1.2 trillion in 1995 with a corresponding tenfold increase in cross border transactions in bonds and equities between members of the Group of Seven.

The pervasiveness of international financial transactions is not limited to the highly industrial countries. The developing world had its share within the period, no matter how minuscule. For instance, private capital flow as a component of the GDP of the economies of developing countries increased from 0.5 percent in 1983-9 to over 3.5 percent in 1994-6.¹⁷

As a political phenomenon, globalisation implies the shaping of the international political arena in such a way that political actions find expression in a global arena instead of within insulated and relatively autonomous units. In this regard, the state loses its position of pre-eminence, in strictly realist terms, on the grounds that state actors are compelled by the logic of globalisation to share the political arena with transnational market actors of varying colouration. Such developments have revolutionised political practices and institutions, and ensured proper adaptation by various political actors, in the face of mounting shortcomings of nation states.¹⁸ The political sphere has also been characterised by “intensive pressures, lobbying and financial inducements to governments by powerful corporations; and by the determined defence of such business-or ‘national economic’ – interests by governmental representatives”.¹⁹

The political dimensions of globalisation appear to have been influenced by three main factors. These are the general acceptance of liberal democracy, especially after the collapse of communist regimes, the obsolescence and consequent rejection of most dictatorial regimes in Africa and Latin America, and the imposition of political conditionalities on dictatorial and economically dependent states.

Contradictory Perceptions and Effects

Every process, be it economic, political, technological, etc., is bound to have a differential impact on peoples and societies. What is of the essence is the magnitude of the effects, especially on weak societies with weak economies and political institutions as is the case in most of the developing world. Consequently, two main views have emerged with regard to the effects of globalisation, especially on African countries in particular, and the developing world in general.

Defenders of globalisation see it as an irreversible phenomenon with no alternative;²⁰ it has the potential to improve the lives of citizens of developing nations that allow deeper penetration of external capital, technology, expertise, and at times cultural practices prevalent in advanced industrialised countries. Some perceive it as both bounded and well defined with a discernible driving force (for example, the convergence of interest rates or the information technology revolution) that would ultimately homogenise societies. Other analysts argue that globalisation is basically complex and heterogenising, even divisive in its nature and effects. Those of the heterogenising persuasion further view globalisation as the fore-runner of a new world disorder due to the creation and sustenance of overlapping and competing authorities, multiple loyalties and identities, as well as multifaceted ideas and beliefs.²¹

Philip Cerny argues that internationalisation or the operations of transnational forces has influenced policy change and foisted four main political agendas on many nations.

1. a change from macroeconomic to microeconomic interventionism, as exemplified by governmental deregulation;
2. a shift from economic activities that aimed at ensuring minimal economic self-sufficiency in key sectors to one of flexible reaction to competitive conditions in a rapidly evolving international market place. That is, the emphasis now is on 'competitive advantage' as opposed to 'comparative advantage';
3. the concentration of policy makers on neo-liberal monetarism that serves as the linchpin of state economic management and interventionism; and
4. the contraction of welfare politics (full employment and social service provision) by government and party in favour of the promotion of free enterprise, as well as innovation and profitability in both private and public sectors.

This political agenda, foisted directly or indirectly on many countries in an era of globalisation, conforms to mainstream classical and neo-classical economic theory. The theory, among others, favours restraining the state from intervention in national economies save the maintenance of the requisite legal framework essential for a market economy (private property rights, sanctity of contracts, etc.).²² Even though an exception is generally made with regard to the operation of some activities (e.g. strategic industries or essential services such as water and electricity), in some developing countries, including Ghana, the privatisation of such utilities is far advanced.

Financial integration that implies the opening up of domestic markets to external transactions, including capital flows, has engendered what Barry Eichengreen terms "financial deepening" (i.e. more active, liquid, and efficient financial markets). This promotes higher investments, faster growth, and improved living standards.²³

Admittedly, capital flows to developing areas have been an essential element of

globalisation. But have such flows been an unmitigated blessing to receiving economies? Has there been financial deepening, and if so has it been to the advantage of developing economies? Jagdish Bhagwati, a world renowned trade theorist, argues that "the claims of enormous benefits from free capital mobility are not persuasive". And, David Rodrik, a trade specialist of Harvard University, notes that there is no hard evidence to support the claim that free capital mobility "will solve any of our problems, and some reason to think that it may make them worse".²⁴ For Jeffrey Sachs, even though the real meaning of the Mexican and East Asian financial crises is not too clear, it seems that financial markets are prone to key market failures "that are exacerbated, rather than limited, by globalisation".²⁵

Liberal economists are of the conviction, however, that international poverty is due to inadequate integration of the less developed countries into the global economy and irrational national policies that impede the development of a well functioning market. Thus, for instance, countries of SSA are poor because, among other reasons, national political leaders are inefficient.²⁶ Most liberals assume further that the key to economic development is the capacity of the economy to transform itself in response to changing conditions. The failure of many less developed countries to adjust to changing prices and economic opportunities is rooted in their social and political systems rather than in the operation of the international market system.²⁷ In other words, Africa's unenviable extent of development, for instance, is the outcome of globalisation, not in its historical and current phases, but the of continent's inability to capitalise on the opportunities opened up through globalisation.

On the contrary, globalisation in both its historical and current forms has contributed immeasurably to Africa's developmental crises. Of course, there is much to be said about domestic constraints to development. Nonetheless, the external factors in Africa's developmental crisis are too important to be ignored. For example, Rosenau is of the view that globalisation has engendered fundamental tensions in societies due to "the pervasive interactions between the fragmenting forces of localisation and the integrative forces of globalisation".²⁸ Accordingly, Barry Gills points to,

the economism of globalisation; its economic reductionism; its technological determinism; its political cynicism, defeatism, and immobilism; its de-socialisation of the subject and re-socialisation of risk; its teleological subtext of inexorable global "logic" driven exclusively by capital accumulation and the market; and its ritual exclusion of factors, causes, or goals other than capital accumulation and the market from the priority of values to be pursued by social action.²⁹

Barry Gills' position conforms to the view of structuralists that international

market imperfections increase inequalities among the developed and less developed countries. This is because of the disproportionate beneficial effects from international trade that accrue to developed countries. For sure, developing countries now face formidable obstacles to development in an era of globalisation because of the widening technological gap, their long experience of marginalisation, and the monetarist logic of globalisation that ignores potential negative social implications of policy choices. These economies are thus caught in a vicious cycle of poverty from which escape is nearly impossible; and free trade worsens it.³⁰

Admittedly, African leaders have contributed one way or the other to Africa's predicament because of dictatorial tendencies, crass cronyism, poorly executed national economic programmes, and other weaknesses. But could these be the primary cause of the continent's development crisis? Africa has always been a weak partner in international interactions for reasons that date back to the time of colonialism. And, the present dispensation under a supposedly new global ideology cannot be so different from conditions, issues, driving forces, and dynamics of interactions on the global stage. The question therefore is whose interest is being served under the current globalisation?

At the corporate level high-tech companies like Microsoft, IBM, AT&T and many others are at the forefront in highlighting the virtues of globalisation. The argument that these companies have the bulk of their operations in other developed countries oversimplifies the point, because the tentacles of American, European and Japanese corporations stretches across the globe. Sub-Saharan Africa has become a victim because of its inability to negotiate beneficial terms for the operations of these transnationals. At the same time the impetus for domestic initiative and innovation has been seriously compromised. As William Pfaff notes, globalisation has led to the destruction of indigenous industry.¹³ A key member of the Provisional National Defence Council (PNDC) that

implemented Ghana's structural adjustment policies, P.V. Obeng, also alluded in an interview granted to the *West African* magazine in 1990 to the inappropriateness of unbridled internationalisation and its negative implications for indigenous industries. He noted: "We would certainly (with hindsight) have avoided the over-liberalisation of certain economic activities. We pursued a policy of trade liberalisation even though we had not put some of our local industries on a sound footing." Subsequently these industries suffered from dumping practices and other externally induced problems, that rendered their recovery a rather slow and painful process.

In most cases, the corporate interests of transnational have the backing of their home governments. In the United States, for instance, government officials construct current globalisation policies as an indivisible part of a grand "proactive"

government strategy aimed at restoring America's relative economic position on the world stage. To be precise, economic nationalism has been the driving force. Globalisation in this sense, is the pursuit of America's national interests against the predations of foreign actors.³³ It is economic nationalism.

Much more telling on developing nations is the extent to which national autonomy or sovereignty is compromised for the sake of ensuring integration of national economies in accordance with the globalisation creed. As a result, globalisation undermines national sovereignty by lessening the degree of policy discretion available to government anxious to maintain sustainable policies, what Mkandawire (1999: 119-136) calls "choiceless democracies". Furthermore, international capital mobility undermines governmental ability to pursue independent monetary and fiscal policy.³⁴ The ability of the state to efficiently provide redistributive public goods has come under severe direct and indirect attack. Corporatist bargaining and employment policies with regard to labour market policy have come under intense pressure on account of international demands for wage restraint and flexible working practices. Globalisation has indeed "undercut the policy capacity of the nation state".³⁵

The Trap

What has been Africa's condition since capital assumed its current global thrust, especially in the 1980s? Have African countries experienced qualitative improvements in the economic and social spheres since the 1980s? What has been Sub-Saharan Africa's response to globalisation?

As indicated above, Africa's share of the global market transactions has continued to dwindle. General development indicators are not encouraging. Much worse than this Africa trails in Global Human Development Indicators. According to the UNDP's 1998 Report, 14 African countries are at the bottom of the 174 nations which were the subject of the study. In the report which was based on an assessment of overall health, the general standard of education and the standard of living, Seychelles which ranked first, tops the 50 African countries; Mauritius is listed 61st, Libya 64th, Algeria 82nd, and Tunisia 83rd. South Africa is ranked 6th on the continent and 89th globally. Nigeria lies 23rd on the continent and 142nd in the world ranking. The Democratic Republic of Congo ranks 24th on the continent and 143rd in the world. The so-called best economic performers in Africa-Morocco, Ghana and Uganda rank 125th, 133rd and 160th respectively in the world. Due to lack of data, Liberia, Rwanda and Somalia were not included in the assessment.

Foreign trade has been Africa's main source of revenue for a number of countries even though external aid has been a major source of supplementary funds for economic development. The bulk of Africa's trade has almost always been with countries outside the continent; and her exports have grown less rapidly than GDP.

Between 1970 and 1980, African commodity exports grew at 2.8% per annum, compared to 3.6% for South Asia. Between 1980 and 1992 African export growth decreased to 2.4% whilst that of South Asia increased to 6.8%. Another problem is the high ratio of primary products in total exports. In 1970, primary commodities constituted 83% of Africa's exports. By 1992, after over a decade of structural adjustment in many countries, 76% of Africa's exports were still primary products. In the 1960s, export earnings from cocoa and coffee averaged 35% of total export earnings. By 1989-90, the two crops constituted 40% of export earnings.

Intra-African trade constitutes only 4% of overall African trade. Apart from South Africa whose exports has a sizeable component of manufactured products, most African countries are primary commodity exporters (made up of either agricultural products, or minerals, or both). A small minority depend on the export of petroleum. Without exception, African countries are major importers and consumers of manufactured products. In view of price fluctuations on commodity markets and the tardiness associated with diversification of export products, African countries have little influence over the prices of both exports and imports. Consequently, they have become what Robert Browne terms "price-takers rather than price-makers"³⁶ even though the quest for economic independence depends critically on enhanced external trade. But in an era of globalisation, the prospects for increasing value added exports are dim because transnational corporations have virtually forced indigenous manufacturers out of business, often with the connivance of the economic and political elite which "makes it extremely difficult to bring them under national rules and regulations".³⁷

The debt burden of Africa shows no sign of reduction. In 1996, 41 countries were designated by the World Bank and the IMF as "heavily indebted poor countries" (HIPCs) who were incapable of repaying their debts. The total external debt of such countries from public or official sources, increased from \$55 billion in 1980 to \$183 billion in 1990 and to \$215 billion by the end of 1995. The debt was double their expected earnings from exports. Out of the 41 HIPCs, 32 are from Sub-Saharan Africa; and 26 of these are within the UNDP's lowest human development category.

In contrast to other developing areas in Latin America and South East Asia, the 32 HIPCs in Africa have weak export base and performance, with an average GDP growth of 2.2% between 1985 and 1990. Between 1990 and 1995, the average GDP growth had fallen to 1%. These countries also have debt to export ratio of over 220% and debt to GNP ratio of more than 80% Zambia, for instance, uses 50% of total aid revenue to service its debt. Although Ghana, Uganda and Mozambique are classified as progressing, their debt payments are more than double the budgetary allocations for health and education, which prompted Thomas Callaghy to classify the Highly Indebted Poor Countries as the 'underclass' in the global economy.³⁸

In most developing countries, formal-sector employment as a proportion of total

employment has been rising; but in Africa it has fallen from 12% to 9% in the last decade. The forecast, according to Panford, is even more gloomy. ILO/UNDP data for 1997 indicate that urban unemployment rate has risen to over 20% in the past 15 years. The ILO/UNDP forecast an increase in urban unemployment to 30% by the year 2000. Already, Zimbabwe has an unemployment rate of 50%.³⁹ Clearly, Africa's developmental indicators, its export performance, high debt burden, etc..., in an era of globalisation portend a bleak future. How have African countries responded to these trends? What have been the outcomes of such responses?

Africa's Responses: Integration or Balkanization?

Attempts by African countries to improve the deplorable development conditions have taken various forms. These include the adoption of import substituting industrialisation in the immediate post independence era; central planning which led to the establishment of several state owned enterprises; economic integration; and economic liberalisation or reforms with the support of the international financial institutions (IFIs), especially the Bretton Woods institutions. With the exception of economic integration and economic liberalisation that are still being pursued, the other measures failed to check Africa's slide into a cycle of poverty with serious developmental consequences.⁴⁰ Economic liberalisation, which has been pursued since the early 1980s, has had mixed results. The indications are that, in the long term, this policy will also end in utter failure because after more than a decade of economic reform no single African country has overcome the structural problems of the economy; nor have the social and economic conditions of the mass of the people improved. They still remain beggar nations; some economies such as Ghana and Zambia are aid-driven. The debt burden, rigid debt repayment criteria, and the wanton sale of national assets (in some cases, to faceless external investors), appear to have effectively mortgaged Africa's future and surreptitiously led to the second colonisation of Sub-Saharan Africa.

Economic integration appears to be the remaining option of promise. It must be noted, however, that economic integration is not a new phenomenon in Sub-Saharan Africa.⁴¹ The continent appears to have spawned integrative groups more than any other region in the world. The need to revamp Africa's economic integration projects in order to enhance overall development in the 21st century has become more compelling on account of two main factors. The first is the nature of globalisation, and the spartan zeal with which it is being defended by its proponents. The second is the strengthening of integration blocs by the 'apostles' of free trade—the OECD countries and the United States.

Africa has six broad regional groups—the Economic Community of West African States (ECOWAS), West African Economic and Monetary Union (UEMOA), Central African Customs and Economic Union (UDEAC), Common Market for Eastern and Southern Africa (COMESA), Southern African Develop-

ment Community (SADC), and the South African Customs Union (SACU).⁴² The failure of earlier development models and the nature of globalisation appear to have shifted the heavy task of development from individual countries to the regional economic groups. Perhaps, it was in light of this that in July 1991, the Treaty of Abuja, establishing the African Economic Community (AEC), was signed. The six broad regional groupings, together with countless smaller ones, are to operate alongside the African Economic Community, with the former giving way eventually to the Pan-African economic community. Serious challenges, therefore, face integrative groups in general and the AEC in particular.

The African Economic Community is not to be built on these weak and problem-prone regional groupings. To be sure, almost all the broad regional groupings have serious problems, which to my mind, have been compounded by globalisation. With regard to ECOWAS, for instance, the treaty endorses trade liberalisation and trade promotion as the key means to facilitate regional economic integration. However, very little has been achieved on this score. Moreover, there has been no harmonisation of economic policies by member states. It appears that the adjustment policies that have become the handmaid of neo-liberalism have foreclosed concerted economic policy making by members of ECOWAS. Accordingly, there has been very little intra-regional trade so far. In 1995, intra-regional trade among members of ECOWAS constituted less than 6 percent of total trade; because member countries are tied inexorably to the markets of the former colonialists.

Although there is a commendable degree of monetary integration within UEMOA (this may be due to the fact that the *CFA* is tied to the French franc), this remains at about 10% and forms a small proportion of, total trade. Within the Central African Customs and Economic Union intra regional trade in the early 1990s was about 3% of total trade. Intra-regional trade among members of COMESA is less than 6%. Although COMESA had a functioning Clearing House, which it inherited from the Preferential Trade Area (PTA),⁴³ the insistence on financial markets' liberalisation under structural adjustment programmes has undermined the use of the Clearing House. SADC on the other hand suffers from monumental over dependence on donor funding for its activities. Keen competition for dwindling external funding in the wake of the collapse of the Eastern bloc and the dismantling of apartheid are bound to have negative impact on SADC's resources and hence its operation.⁴⁴ Unlike the other regional groups, however, SACU has vibrant intra-regional trade that revolves around South Africa. Thirty percent of South Africa's manufactured exports go to other members of SACU; and the proportion appears to be increasing.⁴⁵

The Challenge

Given the nature of globalisation, what challenges do African leaders face? One of the factors that influenced the formation of the European Community (now EU) is

the limited leverage they had in negotiations with the United States, and the conviction that acting as a single trading bloc would enhance their negotiating leverage.⁴⁶ The greatest challenge for policy makers in Africa, therefore, is to pursue economic integration as a means to weaken the powers of entrenched oligopolies and rent seekers. This calls for concerted action and commitment that will ensure negotiations with exploitative transnational corporations from a position of strength.

Economic integration, as a solution or part of the solution to SSA's developmental dilemma obliges African leaders to renew their commitment to the AEC. The existence of numerous integration blocs on the continent may even call for a new strategy of economic integration. For clearly, relying on the existing regional groupings has become problematic at the moment. It has not been easy to forego existing regional identity in a jiffy. The developmental differences in development and the resource base of African states are such that the majority of them cannot for instance forego customs duties which may be the major source of internal revenue for the state. This calls for the reconceptualisation of the theoretical basis of the economic integration projects which are modelled on the EU – for example, the ECOWAS, COMESA and AEC. Africa should not ignore the various processes that brought the EU to its present stage where it now has a common currency. In particular, the idea of “variable geometry”, which, to a large extent, explains what the EU is today should be closely considered. African countries that are endowed with a more extensive manufacturing base could constitute the nucleus of the AEC. Others that are less endowed may be given the option to join it as and when they feel they can cope with the economic and political imperatives of the integration project.

Another challenge is the role of the private sector in economic development. Globalisation extols the salience of the private sector in economic development. That may sound fine on paper. What is often ignored, at times deliberately, is that the private sector could drive the economic development of the Newly Industrialising Countries (NICs) only with the support of the state. According to Yasutami Shimomura, an economist at Saitama University in Japan, the Asian Tigers did not simply open their economies as a policy measure. A dual policy of promoting exports while at the same time sustaining various import control measures were put in place and resolutely defended by the state.⁴⁷ In fact it has been argued that, the major economic achievements in this century have all been realised under the aegis of the interventionist states; and this applies equally to the US, Germany, and the former Soviet Union. The much vaunted industrial strategy of the so-called Asian Tigers were state driven.⁴⁸

Furthermore, tariff and related trade barriers played a key role in the economic development of Britain and Germany in the 19th century.⁴⁹ But as Robert Browne points out:

The developed countries continue to impose the insidious practice of 'tariff escalation,' by which the tariff rate rises with the degree of processing to which an imported commodity has been subjected, thus effectively precluding Africa from developing an industrial sector around its substantial mining and agricultural interests.⁵⁰

The history of the world trade system makes the "immorality of protectionism" untenable. It amounts to what Peter Beinart calls "clever device that when anyone has attained the summit of greatness, he kicks away the ladder by which he has climbed up, in order to deprive others of the means of climbing up after him".⁵¹ This leaves African countries in double jeopardy. They are expected under the rule of thumb of globalisation, WTO, the Bretton Woods Institutions etc., to open up their economies and increase their exports. According to the canons of globalisation and the theoretical underpinnings as well as rules of these multilateral institutions, protectionism is against the rules of free trade which is to say that all actors have the same freedom and the same economic capacity for competition on the global market place. The fact however is that, like the Bretton Woods institutions in which Africa's interests are not represented, the WTO created at the end of the Uruguay Round of tariff negotiations, marginalised the continent. Hence in international trade negotiations African countries have become mere spectators and consumers of decisions that are made by the powerful nations. If African economies would achieve appreciable growth and development then African interest should prevail. This means that a minimum of state intervention in production, coupled with a certain degree of protection for indigenous African industries, is required.⁵² This will enhance economic growth and development and to a certain extent, reduce foreign domination of African economies. Such defiance of free trade rules could be successfully implemented only within the framework of a homogenised African Economic Community.

The WTO frowns on subsidies and other tariff and non-tariff barriers to trade. Nonetheless, the EU was able to secure special safeguards aimed at protecting Europe against "import surges" and export subsidies or dumping. In contrast, African countries have been pressured – courtesy of structural adjustment programmes and *ipso facto* globalisation – to implement policies of blanket trade liberalisation and commercialization of a wide range of services, including services previously provided to farmers almost gratis. The North in general, and the USA in particular, heavily subsidise agriculture on grounds of food security, and for political reasons. European Union Agricultural Ministers agreed tentatively to cut subsidies to farmers by 20 percent only in March 1999.⁵³

In sectors where the developing world has an advantage such as textiles and clothing, protective measures for this sector are weighted in favour of manufacturers from the North. Globalisation calls for an open global economy. "Yet the

integrated 'global' economy is characterised by a vast proliferation of less than 'open' and sometimes quite protectionist regional economic groupings of limited, although frequently overlapping memberships."⁵⁴ The issue of tariff escalation is of considerable interest to Africa because, compared to raw materials, industrialised countries impose a higher tariff on manufactured products from the South. For instance, raw hide attracts a low 0.1% tariff, finished leather attracts a tariff of 5% while a tariff of 8% is imposed on leather goods.⁵⁵ These and many other examples would show clearly that the signing of the WTO at no other place than Marrakech, an African city in Morocco was farcical, although it may have been planned to create the impression that this 557 page document would bring benefits to Africa. On this, Yash Tandon aptly argues that Africa has been short-changed, but that African leaders are partly responsible for this predicament.

It is doubtful if, before signing the document, and (signing away) the fate of their countries, many African governments were able to find time to even read the document, let alone analyse the implications of the new trading order for their countries. Matters of critical importance that Europe and America fought tooth and nail, every inch of the way, clause by clause, word by word, for eight years, were handled by African Plenipotentiaries as if they were taking a cosy breakfast with the very countries that in 1884, at Berlin, had carved out Africa's fate over a dinner table.⁵⁶

This practice is widespread. For example, John Loxley points out that

*it was common knowledge that major agreements are typed in Washington for signature by the Ghanaian government and that often, because of bureaucratic delays in the government, the Bank will actually draft its responses to its own proposals on behalf of the Government*⁵⁷ (my emphasis).

This canker of African leaders poses a deep-seated challenge to Africa's capacity to identifying what favours its long-term interest. It is unthinkable that a united continental bloc would be so negligent and irresponsible. Cases like Ghana's will then be handled with the collective resource of a united Africa acting through the AEC.

These instances of marginalization and powerlessness constitute a challenge to Africa's ability to come to terms with what is important for the well-being of its citizens. This challenge could only be tackled within the framework of a viable continental economic trading or integration bloc. It is unthinkable that the EU, without due participation in the deliberations on an agreement, with for instance, the US or Japan, will rush to sign the resultant agreement. It is equally unthinkable that a single country with a reasonable amount of autonomy will rush to sign an

agreement without first scrutinizing such an agreement and, above all, without assessing its implications, long or short term, for its interest.

The point then is that Africa's leaders are undermining the continent's development by failing to address the issue of economic integration with unqualified commitment.

Confronting globalisation implies imposing or negotiating terms that serve the interests of local, national and regional constituents and requires the collective will and power embodied in Africa and expressed in the EC. That further connotes the implementation of domestic policies capable of strengthening African economies to counteract the negative effects of globalisation. If it is indeed irreversible then Africa's globalisation should be based on the need to maximise the potential benefits.

Conclusion: Escaping the Trap

African leaders – the political and economic elite, intellectuals and technocrats should eschew Afro-pessimism. This is an attitude that has been instilled in educated Africans through various instruments of indoctrination since colonial times. The current condition of the continent obliges its leaders to reconceptualize African problems, re-theorise and operationalize the solutions; re-construct state power within the parameters of an African economic community; and reformulate strategies to resist or contain the negative aspects of globalisation. The continent's leaders must ensure that future programmes take cognisance of the socio-political, cultural, environmental and economic needs of Africa's people. In this way, Africa will realize its renaissance in a wave of industrialization and prosperity for its people, and not be dominated and exploited by the forces whose *raison d'être* for global transactions is the maximisation of profit.

As the world inches into the 21st century, the nature and operations of the global system shows clearly that Africa's future does not reside in fractious, rudderless and often acrimonious regional groupings. It does not lie in substantial aid flows that inhibit the industrial development of the continent. The future appears embedded in a viable continental economic community capable of dealing with the adverse effects of globalisation, which means the rejection of the so-called "logic of inevitability" of globalisation which forecloses all alternatives to the neo-liberal path to development.⁵⁸ Realizing the African Economic Community will help in tapping the opportunities embedded in global interconnectedness for the long term development of Africa. It would at the same time facilitate focused assessment and ensure the implementation of the practical aspects of viable alternative models of development. Some of these African initiatives on alternative development models such as the 1980 Lagos Plan of Action and the 1988 United Nations Economic Commission for Africa's Alternative Framework to Structural Adjustment Programs (UN-ECA-AAF-SAP) were, in the past, killed by the international financial

institutions (IFIs) that insist on the liberal development model as the only option for Africa.

For the interim, there must be a serious attempt to combine a tolerable degree of austerity with the retention of minimal welfare in individual states. This will reduce to a tolerable size, the growing chasm in the standard of living between and within nations as a result of the dogmatic pursuit of monetarist policies.

A successful integration project should address the prevailing political environment in many African countries. Quite often the prevailing political regime has undermined meaningful economic development. The development of legitimate democratic government would restore the moral and political authority of the state to negotiate with external actors within parameters that would be set by a pan-African economic community. It would also constitute a lasting framework for resolving internal and inter-state conflicts, and constructing domestic consensus for development.

The Bank and the Fund have seen the need to stop behaving like colonial headmasters, and have initiated a process of consulting adjusting nations for their input in policy formulation. The first national forum on the Structural Adjustment Participatory Review Initiative (SAPRI) took place in Accra, Ghana from 19-21 August, 1998. A united Africa, through the AEC, should pursue a policy of redefining Africa's relations with the international financial institutions and global bodies such as WTO in ways that will be advantageous to Africa's integration and development generally. This must include a sustained campaign for legitimate protective policies as well as effective instruments for disadvantaged African economies. As argued by Dot Keet, a clear distinction must be drawn between "legitimate protection for weaker economies and the protectionism of the strong".⁵⁹

Whether globalisation is irreversible or not is still a moot question. The fact remains that the African condition has been aggravated by centuries of deprivation, exploitation through unfair pricing by the industrialised world, and currently by marginalisation in the world economy. Given the nature of globalisation, the wide scientific and technological gap between the developed countries and Africa, and the persistent decline in the standard of living of millions of Africans on every conceivable development index, it would be a mark of failed leadership if the continent's leaders remained prisoners of their balkanised and ineffective integration projects. The response to globalisation does not lie in such phantom integration projects. Nor does it lie in the "modification of the principle of *laissez-faire*".⁶⁰ Africa must pull its bootstraps, and be demonstrably committed to the African economic community, which for the moment appears the only logical and viable alternative. Tackling internal structural distortions, dealing with the high incidence of official corruption, minimising patronalism and personalised rule among the complementary policy actions are necessary for sustainable development.

Notes

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- 1 Montek Ahluwalia, "Globalization and its impact on Developing Countries: An Asian Perspective" in Pierre Fruhling (ed.) *International Solidarity and Globalisation: In Search of New Strategies*, Ministry for Foreign Affairs, Stockholm, Sweden, 1998, pp. 38-44.
 - 2 See Dot Keet, "Integrating the World Community-Political Challenges and Opportunities for developing Countries". Presentation at a Workshop on *The Future Partnership Between The ACP States and The European Union*, Pretoria, 22-23 October 1997, p. 3.
 - 3 Cited in Ronaldo Munck, *Politics and Dependency in The Third World*, London, Zed Books Ltd., 1985, p. 53.
 - 4 Colin Leys, *Underdevelopment in Kenya*, Heinemann, London, 1977, p. xiv
 - 5 The French constructed railway lines to link some of her territorial possessions in West Africa. The objective was to facilitate the transportation of cheap labour from Mali, Niger and Burkina Faso to agricultural plantations owned by local elites in Cote d'ivoire and Senegal.
 - 6 Charles Oman, *Globalisation and Regionalisation: The Challenge for Developing Countries*, OECD, 1994, pp. 40-41.
 - 7 Joan E. Spero, *The Politics of International Economic Relations*, 2nd edition New York, St. Martin's Press, 1981, p. 2.
 - 8 Nicholas van de Walle, "Globalisation and African Democracy".
 - 9 *Ibid.*
 - 10 *Ibid.*
 - 11 Montek Ahluwalia, *op. cit.*, p. 39.
 - 12 See Philip G. Cerny, "Paradoxes of the Competition State: The dynamics of Political Globalisation", *Government and Opposition*, Vol. 32, No. 2, Spring 1997, pp. 251-254. See also, Alan Tonelson, "Globalization: The Great American Non-Debate", *Current History*, Vol. 96, No. 613, November 1997, p. 355.
 - 13 David, H. (1997). "Democracy and Globalisation", *Global Governance*, 3, pp. 251-267.
 - 14 Marcia Rivera sees neo-liberalism as globalisation's theoretical base, while the spread of democratic ethos, the fall of dictators in Africa and Latin America as well as the collapse of communist regimes in Eastern Europe served as political impetus. See her "Gender Perspectives on Globalisation and Technological Change", in Pierre Fruhling (ed.) *International Solidarity and Globalisation: In search of New Strategies*, Stockholm, Ministry of Foreign Affairs, 1998, p. 72.
 - 15 Susan Strange, "The Erosion of the State", *Current History*, Vol. 96, No. 613,

- p. 367.
- 16 Philip G. Cerny, 1997, *op. cit.*, pp. 252-253.
- 17 Barry Eichengreen, "The Tyranny of the Financial Markets", *Current History*, Vol. 96, No. 613, p. 377.
- 18 *Ibid.*, p. 253.
- 19 Dot Keet, *op. cit.*, p. 6.
- 20 Prior to the meeting of the eight industrial nations in Denver in June 1997, President Bill Clinton noted that "protectionism is simply not an option because globalisation is irreversible". See Peter Beinart, "An illusion for our time: the false promises of globalisation", *New Republic*, Vol. 217, No. 16, October 20, 1997, p. 20.
- 21 Philip G. Cerny, "Paradoxes of the Competition State: The Dynamics of Political Globalization" *Government and Opposition*, Vol. 32, No. 2 Spring 1997, pp. 255-256.
- 22 *Ibid.*, p. 260.
- 23 Barry Eichengreen, *op. cit.*, p. 377.
- 24 Cited in Sidiqi Moin, "A Double-edged Sword: Negative effects of Globalisation on emerging Economies," *African Business*, 234 (July-August, 1998).
- 25 Sachs, Jeffrey, "Interlocking Economics: Unlocking the Mysteries of Globalisation," *Foreign Policy*, 110 (Spring, 1998), p. 102.
- 26 Robert Gilpin, *The Political Economy of International Relations*, New Jersey, Princeton University Press, 1987, p. 269.
- 27 *Ibid.*, p. 267.
- 28 James N. Rosenau, "The Complexities and Contradictions of Globalization," *Current History*, Vol. 96, No. 613, Nov. 1997, p. 362.
- 29 Barry K. Gills, "Editorial: 'Globalization' and The 'Politics of Resistance,'" *New Political Economy*, 101. 2 (March 1997, p. 12. Cited in Rosenau, *op. cit.*, p. 363.
- 30 Robert Gilpin, *The Political Economy of International Relations*, New Jersey, Princeton University Press, 1987, p. 275.
- 31 William Pfaff's comments on a seminar theme entitled "Economic Potential and Issues of Equality". See Pierre Fruhling *op. cit.*, p. 57.
- 32 See *West Africa*, March 5-11, 1990, p. 359.
- 33 Alan Tonelson, "Globalisation: The Great American Non-Debate," *Current History*, Vol. 96, No. 613, November 1997, pp. 355-359.
- 34 Nicholas van de Walle, *op. cit.*, p. 4
- 35 See Cerny, Philip G., "Globalisation and the changing logic of collective action" *International Organisation*, Vol. 49, No. 4 (Autumn, 1995): 595-625. Similar or related position on the loss of political autonomy has been taken by other writers. See Blanca Heredia, "Prosper or Perish? Development in the Age of Global Capital," *Current History*, Vol. 96, No. 613, Nov.

- 1997, pp. 383-388; David Held, *Global Governance* 3 (1997) pp. 251-267;
- 36 See Browne, Robert S., "How Africa can prosper," *World Policy Journal*, Vol. 11, No. 3 (Fall, 1994, p. 29.
- 37 See the World Bank's *Human Development Report*, 1999, p. 96.
- 38 See Thomas M. Callaghy, "Globalization and Marginalization: Debt and International Underclass". *Current History*, Vol. 96, No. 613, November 1997, pp. 392-397.
- 39 Kwamina Panford, *Poor Economic Prospects and the Employment Crises in Sub-Saharan Africa*, mimeo, 1998.
- 40 Discussions of the causes of the failure of the other measures are beyond the scope of this paper. It suffices to state, however, that the earlier phases of globalisation were as much to be blamed as the domestic issues of dictatorship, political instability, poor execution of plans, and ever declining terms of trade for African primary exports. Poor terms of trade constrained most government in terms of revenue to execute development plans. Coupled with the oil price hikes of the early and late 1970s, most African non-oil producing countries had no alternative but to borrow at high interest rates on the international finance market thereby compounding their debt burdens.
- 41 For instance, the history of the South Africa Customs Union (SACU) goes as far back as 1889. The Cape Colony and the Orange Free State formed a customs union which was later joined by Basutoland (now Lesotho), and Bechuanaland (Botswana) in 1891 and 1893 respectively. In 1889, the South Africa Republic (Transvaal) and the Orange Free State also formed a free trade area. Swaziland joined in 1894. With the formation of the Union of South Africa in 1910 SACU came into existence with Botswana, Lesotho and Swaziland (BLS) being the other members. South West Africa (present day Namibia) was made a member in 1915.
- 42 There are several smaller integrative groups. West Africa alone has not less than thirty integrative units.
- 43 The PTA for Eastern and Southern African States was the predecessor of COMESA. Leaders of Southern and Eastern Africa decided to transform the PTA into COMESA in 1993, and COMESA was officially inaugurated in December 1994.
- 44 Michael Niemann, "Regional Cooperation in Southern Africa: Strategies for the 1990s," *The Journal of African Policy Studies*, Vol. 1, No. 1, 1995, p. 141.
- 45 For details on the performance of the various sub-regional economic integration groups, see Fredrik Söderbaum, *Handbook of Regional Organizations in Africa*, Uppsala, Nordiska Afrikainstitutet, 1996.
- 46 John Whalley, "Why Do Countries Seek Regional Trade Agreements?", in Jeffrey A. Frankel (ed.), *The Regionalization of the World Economy*, Chicago, The University of Chicago Press, 1998, p. 72.

- 47 Yasutami Shimomura's comments on the economic potential and Issues of Equality during the 1997 Stockholm Conference on International Solidarity and Globalisation.
- 48 Blade Nzimade, "Towards Global Solidarity and Alliances in the Era of Globalisation", in Pierre Fuhrling, *op. cit.*, p. 130.
- 49 See Peter Beinart *op. cit.*, pp. 20-25.
- 50 Robert S. Browne, "How Africa can Prosper", *World Policy Journal*, Vol. 11, No. 3 (Fall, 1994) p. 1.
- 51 Beinart, *op. cit.*, p. 22.
- 52 World Bank, *Human Development Report*, 1999, p. 88. But the Bank in its 1999 *Human Development Report* stressed the need for countries to provide indigenous enterprises with the necessary incentives and protect their interests.
- 53 BBC World News, 11th March, 1999.
- 54 Dot Keet, *op. cit.*, p. 8.
- 55 Yash Tandon, "Global Issues and Africa's Marginalisation". Presentation at the Canberra African Studies Conference, 1997, pp. 4-5.
- 56 Yash Tandon, 1997, p. 1.
- 57 Cited in Kwesi Anyemedu, "The Economic Policies of the PNDC," in E. Gyimah-Boadi (ed.), *Ghana Under PNDC Rule*, CODESRIA, 1992.
- 58 See Barry G. Gills, "Editorial: 'Globalisation' and the 'Politics of Resistance'," *New Political Economy*, March 7, 1997.
- 59 Dot Keet, *op. cit.*, p. 33.
- 60 Cited in Alan Tonelson, *op. cit.*, p. 355.

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- van de Walle, "Globalization and African Democracy" in Richard Joseph, *State, Conflict and Democracy in Africa*.