THE GAP BETWEEN GLOBALISATION AND SOCIO-ECONOMIC DEVELOPMENT IN AFRICA

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Abstract

One of the cardinal aims of this paper is to highlight that contemporary reference to globalisation tend to be more of paradigm shift and value change from the old paradigms of imperialism, colonialism, modernization, dependency and the adjoining concepts which derived from Western liberalism. The paper also drew attention to the fact that economic indices for measuring the wealth or otherwise of the developing economies of Africa ignores the activities of the informal sector and that the prescription (deregulation and devaluation) of the Bretton Woods offer no complete remedy to the perceived ailment, hence their recommendation of the third "D" which is democracy.

The paper comprises of: Abstract; Introduction; Conceptual Issues in Globalisation; Critical Analysis on Globalisation and Socio-Economic Development in Africa; Globalisation and Dependency Theory; Conclusion and Recommendation. The paper concluded that the relationship between Africa and the Western countries is still largely principal-client based on the "Centre-periphery model". The paper recommended strong leadership and institutions of governance capable of initiating and implementing appropriate economic programmes through qualitative human capacity.

Introduction

The process of Globalisation which began in the late 15th century with Europe's discovery of the America and the beginning of the triangular trade between Africa, Europe and the New World has incorporated virtually every corner of the earth. Over the past five centuries, technological change has gradually altered the limitations to international integration. A vivid example is the Transatlantic communication moving from sail power through steam, telegraph, telephone (analogue, digital and mobile) aircraft to internet. However, in the advanced economies (with high level of economic integration), government's ability to achieve income redistribution, effective taxation, regulate micro and macro-economic activities have moved in leaps and bounds.

Phenomenal trade and relations among nations became noticeable in the years leading to the first world war, collapsing around the depression period of the late 1920's and early 1930's, thence peaked and grew rapidly. The puzzle confronting Africans today is the determination of interrelationship with other parts of the world, particularly, the West. This becomes important in this post-colonial period viewed against the backdrop that relations between cultures and people are voluntary. The dilemma confronting African thinkers and scholars lies in Africa being part of the global train or civilization or developing according to local cultures and technology.

Viewed therefore from the introductory perspective of this paper, opinions diverge on the fact that development entails becoming like the West economically, socially and politically. To a school of thought, development (economic) relates more to growth in Gross Domestic products, capital formation and utilization, industrialization, infrastructural development (roads, electricity, telephone, increased computer awareness/usage and increased profit or economic efficiency) (Ofuebe in Onohua 2001:246).

Other schools of thought however disagree with this western uni-lineal direction or approach to development which amounts to packing, unpacking and repacking of the central principles of free enterprise, economic liberalism and neo-liberalism which constituted the hallmark of the works of Adam-Smith through Keynes to their later disciples. These attributes accord liberalism its resilience and the ultimate transmutation into globalization.

Obadina (1999a:37) observed that "African countries are trapped in poverty and underdevelopment not only because they have corrupt political leaders, but also because they lack the internal conditions for rapid economic development, including capital market and entrepreneurial know-how".

Corroborating this position, Obadina (1999b:28) posited that "no ideological commitment was required from leaders, and no need to mobilize the people or tamper with their way of life. The key words were deregulation and devaluation. Western governments (and International financial institutions) subsequently added a third D – democracy".

Globalisation: Conceptual Issues

The intellectual controversy in which the concept of globalization has found itself is exacerbated by the fact that there is no agreement among and between scholars or academics and practitioners on the exact meaning of the term. This, in some cases arises based on ideological orientation and perspectives from which scholars and practitioners operate.

Stoner, Freeman and Gilbert (2000: 127) saw globalization from a business point of view as the recognition by organizations that interaction must have a global, not local focus.

Stoner, Freeman and Gilbert (2000) saw globalization as consisting of three interrelated factors which are: Proximity, location/ integration and attitude. Proximity is a function of the "shrinking globe" which is facilitated by telecommunications technology or communication revolution which allows people around the world to share information through appropriate gadgets, appliances or devices within a short period of time. Location and integration refers to the spread of interaction and activities across several territorial boundaries. Attitude refers to new, open practices internationally. It is a curiosity about the world beyond one's national borders and a willingness to develop capabilities for participating in the global economy.

Ibeanu (1998:1) identified three different interpretations to globalization which are: Universalist, integrationist and constructionist.

Universalists see globalization as signifying phenomena, characteristics, events and problems that are universally present, or becoming so. Aina (1996:7) identified that in this perspective, "there is a meaning of presence, visibility immediacy and availability worldwide or in what can be considered important global centres". It is therefore not unusual to read or associate global character to many issues today, such as global economic problems; global environmental problems, population growth, demographic transition and food crises to mention but a few. (Ibeanu in Onuoha 2001:233).

Closely related to the Universalist perspective is the integrationist view which "portrays globaslisation as a supranational phenomenon which is propelling disparate parts of the globe into one outlook and culture". In this sense, some of the basic features of a global village and culture include shared artifacts, identical production process/consumption patterns; global triumph of liberal democracy, dominance of market forces; advancement in information technology and increasing global economic interconnections.

The constructionist view according to Ibeanu (1998) portrays globalization as an order and a notion in which elements of power are integrated. In Aina's (1996:7) view, "It presupposes the making and remaking of the world…and the existence of a system or structure, whether it is that of an integrated capitalist market, a world information, cultural or communication order, or a world political order". Globalisation is thus, a process of creating a world order/system, complete with new institutions and culture.

Ibeanu in Onuoha (2001:234) could therefore afford to infer that "prevalent conceptions of globalization share a common notion of "one World" which is illusory". Ibeanu posited that the notion of "one world" that is becoming increasingly homogernised in terms of opportunities, values, institutions, livelihoods and technology is not real.

Amin (2001)posited that the concept (globalization) can be conceived as a process (or set of processes) which embodies a transformation in the spatial orgnisation of social relations and transactions, generating transcontinental or interregional flows and networks of activity, interaction and power.

Analysed hereunder are the four types of changes that characterizes globalization.

(a) It involves a stretching of social, political and economic activities across political frontiers, regions and continents.

(b) It suggests the intensification/growing magnitude of interconnectedness and flows of trade, investment, finance, migration and culture among several others.

(c) The growing extensity and intensity of global interconnectedness can be linked to a speeding up of global interactions and processes, as the evolution of world-wide systems of transport and communication increases the velocity of the diffusion of ideas, goods, information, capital and people.

(d) The growing extensity, intensity and velocity of global interactions can be associated with their deepening impact such that the effects of distant events can be highly significant elsewhere and even the most local developments may come to have enormous global consequences. In this regard, there could be a blurring of the interface between domestic and global affairs.

George (2001) opined that the globalization phenomenon represents historical watershed in political science as well as its branches of International Relations and Political Economy. It typifies the moment that the minimalism and pessimism of the cold war years have been rendered redundant, with the triumph of liberal-capitalism and the beginning of a new, more peaceful and prosperous age of Western (United States of America) global hegemony. It is an age in which the political, economic, cultural and institutional principles and practices of the Western liberal democracies are proliferated worldwide.

Globalisation is also associated with the perception of an irresistible dynamism in global economic relations destined to breakdown traditional barriers to free trade and usher in an age of global capitalism and Western (neo)liberal governance systems. According to Hirst and Thompson (1996), the separation between the global and local no longer holds as the new hierarchies of global economy cut across regional and national boundaries. There is no longer a single centre for global economy. Nation-states nevertheless, remain agents in the international division of labour but the ever-deepening networks of transnational capital have transformed the context in which they operate. The above views expressed by Hirst and Thompson therefore, tallies with the opinion of Ohmae in Stoner (2000:129) that "nothing is overseas anymore" from the reckoning of globalsation.

In what can be described as summary of summaries, Obadina (1999a:36) saw globalization as "the linking of nations in interdependent economic relationships". Inherent in this definition is the fact that the overriding intention of relationships among nations is the economic motive. From this perspective therefore, it may be safely inferred that the central thesis of globalization is economic benefit. But the question is: In whose advantage is the economic relation? Is it to the benefit of the poor nations who are mostly unproductive? or in the wider interest of the advanced countries of the West and the International financial institutions that dictate terms favourable to satisfy their selfish capitalistic, exploitative motives? It is therefore not surprising that Ibeanu (2001:247) could approximate globalization with packing, unpacking and repacking of the central principles of liberalism without abandoning any.

Globalisation and Socio-Economic Development in Africa: Critical Analysis

Africa can be classified as belonging to the "periphery of the periphery nations" in the coinage of Andre Gunder Frank.

Reverend Jesse Jackson in Adibe, (2001:48) identified five stages through which the West (USA in particular) have been relating with Africa namely: the slavery stage of 200 years of work without wages; the stage of neglect characterized by crude exploitation; the stage of using the continent as a manipulated pawn during times of war and crises; the stage of paternalism in which Africa is seen as a kind of gesture towards people whose poverty and underdevelopment are embarrassing, and the stage of partnership in which the continent's development and security are intrinsically linked to global growth.

However, Sarbib – World Bank President for Africa observed in November 1998 that "Africa is not viewed as a player in the financial world … what they know about Africa unfortunately is when there is disaster". (Obadina 1998:44).

The question to ask is whether anything or much has changed between when Sarbib and Jesse Jackson made their statements and now? Do the statements also represent the truth? These will inform our analysis.

Obadina (1999c:38) observed that sub-Saharan Africa contains 34 out of the world's 49 least developed countries. Perhaps a true measure of Africa's poverty manifests in the prevalence of disease, starvation, want, squalor and other sundry self-inflicted afflictions.

It is however observable that the parameter for measuring the wealth or poverty of nations is predicated on the Gross National Product (GNP) which is defined as the sum of the value of a nation's output of goods and services. It is calculated by adding up the total money expended on a country's final output of goods and services or it is the summation of the income of all its citizens, including income from factors of production used abroad.

The structural adjustment programmes of the two Bretton Wood institutions of World Bank and IMF however assume that progress can be measured in terms of movements in the GNP or GDP (Gross Domestic Product) which is similar to GNP but does not include income from abroad. With respect to Africa, there are a number of errors in this method of measuring the size and growth of economics. First, the system reflects the preoccupation of Orthodox economics with monetary transactions which is part and parcel of the old paradigms that embodies globalization. This means that in Africa and other developing nations where a large proportion of economic activities takes place outside the market, GDP figures tend to be understated. Modern conventions of national accounts do not adequately recognize economic activities in the household and community that do not involve the exchange of money.

The national income or GDP statistics of African nations and other non-Western societies do not adequately reflect their cultural output. On the contrary, cultural output forms a significant proportion of the GDP of Western countries.

A large proportion of economic activities in African countries take place outside the recorded sector. This implies that the informal sector is responsible for most economic activity in African countries but does not appear in the national income balance sheet.

The World Bank and IMF-as agents of Western capitalism and acting as apostles of the old paradigms which transmogrified into globalization-frequently produce GDP statistics showing that nations that follow their structural adjustment prescriptions perform better than those that do not, but these assertions are made without information on the output of the informal sector. GDP growth based on the building of new restaurants in urban areas and destruction of indigenous industries is not progress.

It is noteworthy that reliance on market and macro-economic reforms has clearly not transformed African economies. Deregulation of foreign exchange rates and devaluation offer cases in point. They were supposed to allocate scarce foreign exchange more efficiently, boost exports through increasing local prices paid to export producers and raise foreign investment. It is observable that since 1985, African countries have under gone massive devaluations with their currencies losing over half of dollar value since 1990. Obadina (1999b:28) noted that *Nigeria's naira currency has gone from parity with the dollar in the mid-1980s to being worth just over one cent today, yet oil still accounts for more than 90 percent of the country's export revenue, while non-oil exports have not recovered….*

In most African countries, there exists little elasticity in supply, partly due to a weak and introverted private sector. Consequently, trade liberalization has not aided domestic production as much as it has opened economies for imports. Hence, African economies become dumping sites for all manner of Western industrial products.

It is even more instructive that in recent years (from numerous newspapers, journal and other publications) that World Bank officials have acknowledged that markets alone cannot solve the economic ailments of African countries and now advocate a dual strategy of market-oriented policies and enhancement of public institutions with the approach of privatization- whose benefits African countries are still anticipating – In addition, the World Bank expressly noted the need for good governance with democracy as its arrow-head including the rule of law, transparency and accountability in governance. The Bretton Wood institutions seem to have come to terms with the stark reality that little or nothing is gained from the prescriptions of finely drafted market polices to nations lacking the appropriate institutions and values to make the reforms work. Development which appears to be the main goal of African nations would require the emergence of political structures and leaderships that actively promote economic and other indices of advancement or growth.

In conclusion, no amount of macro-economic policies, trade liberalization and privatization as tools or ingredients of globalization can engender rapid and sustainable internal growth in the absence of an appropriate cultural environment for development. The political and social changes required are not factors open to external agencies.

Globalisation and Dependency Theory

The basic thrust of the dependency model is that Third World countries are deeply engrossed in institutional, political and economic rigidities that are domestic and international; hence they are trapped in a dependence and dominance relationship with the rich Western capitalist countries.

The dependence theorists view underdevelopment as an externally induced phenomenon, while the neo-classical revisionists (mostly Western economists) perceived underdevelopment as an internally induced LDC phenomenon that derives from excessive government intervention and bad economic policies. Hence their contention that free markets and less government intervention will provide the basic ingredients for development in LDCS. Todaro (1997:89) observed that:

> *On strict efficiency (as opposed to equity) criteria, there can be little doubt that market price allocation usually does a better job than state intervention. The problem is*
> *that many Third world economies are so different in structure and organization from their Western counterparts that the behavioural assumptions and policy precepts of*
> *traditional neo- classical theory are sometimes questionable and often incorrect.*

It is this free enterprise, liberalism and other capitalist philosophy that have been packed, unpacked and repacked in the words of Ibeanu (2001) to launder globalization. In developing countries (Africa inclusive), markets are still fragmented, much of economic activities remain non- monetized as observed earlier in this paper that such activities which do not appear in the national income balance sheet are not recorded. Similarly, externalities of production and consumption, plus discontinuities in production and indivisibilities (economies of scale) in technology are prevalent. For instance, Nigeria as an oil producing nation within OPEC is subject not only to OPEC quota but to oil prices fixed at buyer's price. Unfortunately such buyers also include countries in the "Industrialized West". How then can Nigeria and other African countries benefit adequately from or in the globalization process? It would therefore appear that the relationship is still largely "principal-client or that of unequal partnership" that has been on for sometime.

Todaro (1997:89-90) observed further "that instead of the equilibrium, automatic-adjustment framework of neo-classical theory, many LDC markets are better analysed through dis-equilibrium, structural-adjustment models in which responses to price and wage movements can be perverse". The international capitalist class anchored by the Bretton Wood Financial Institutions has frequently packaged these as part of the prescriptions (and also integral to the tenets of globalization) for addressing the ailing economies of Africa which has not worked, hence a change in emphasis.

In Africa for instance where the ruling elite is becoming predatory and perfecting strategies daily at same (noting also the activities of the Multi-National Corporations viz-a-viz the role of ruling and retired ruling elites), the operation of the doctrine of invisible hand – a capitalist lexicon- often act not to promote the general welfare but rather enriching further the wealthy, while poverty of the vast majority of the citizenry festers.

In Africa and by extension, many developing countries, their differing value systems, the obvious reality of the institutional and their political structures militate against the realization of appropriate economic policies on the basis of markets or enlightened public intervention.

Conclusion

On the whole, the paper examined the concept and process of globalization with respect to Africa. This was done using the dependency model as enunciated by some schools of thought. The inevitable observation is that globalization appears to be a paradigm shift from the earlier models – retaining their features and building on them where necessary, thus reinforcing the unequal power relationships of the "centre-periphery model".

In diagnosing the socio-economic situation of African countries, the Bretton Wood institutions may have been faced with the stark reality that its market prescription of deregulation and devaluation offer no complete remedy to the perceived ailment, hence the introduction of the third "D" which is democracy.

Recommendations

(i) African governments ought to focus on the quality and structure of the growth they pursue, rather than follow GNP or GDP statistics that reveal little about their economies. Emphasis should be accorded aspects of human existence that define and proffer solutions to poverty and ignore those aspects of wealth in the West that are cultural. It therefore stands to reason that care should be taken not to devalue the culture of African people in the process.

(ii) The role of pragmatic and proactive leadership capable of formulating policies and creating the enabling environment that can facilitate development especially from within is note worthy. In this respect, the coordination and strengthening of the activities of the informal sector can galvanise modest actions in this regard.

(iii) As a corollary, there is the need to cultivate strong institutions of governance, stable political environment and democratic culture in Africa.

The paper advocates a rethink on the parameters/indices for measuring the progress of African economies to include the contributions of disparate sectors of the African society.

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