

Economic Globalization in Africa: the Two Sided Coin

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Abstract

Globalization has shrunk the geographical boundaries of the world countries into a global village due to the acceleration in information and communication technology. The world phenomenon has manifold dimensions: economic, political, social, cultural, and others. This paper focuses on economic globalization. It is designed to outline and expose the positive and negative effects of economic globalization on African economy.

Economic globalization has been mixed blessing in Africa. If the latter thanks globalization for growth in trade and international investment, it can damn it for the risks of instability, debt accumulation, poverty, and marginalization. This paper further highlights the possibility of finding lasting solutions to the rising problems.

Keywords

Economic globalization, positive/negative effects, trade, international investment, debts accumulation, new global rules

Résumé

La mondialisation a rétréci les limites géographiques des pays du monde en un village global grâce à l'accélération de l'utilisation des moyens de l'information et de la communication. Ce phénomène mondial a des

dimensions multiples: économiques, politiques, sociales, culturelles,...etc.

Ce document met l'accent sur la mondialisation économique. Il est conçu pour présenter et exposer les effets positifs et négatifs de celle-ci sur l'économie africaine. La mondialisation économique répand en Afrique grâce à la croissance du commerce international et l'investissement. Elle peut, cependant, diminuer à cause des risques d'instabilité, de l'accumulation des dettes, la pauvreté et la marginalisation.

Ce document souligne en outre la possibilité de trouver une solution durable aux problèmes croissants.

Mots clés

La mondialisation économique, les effets positifs / négatifs, le commerce, l'investissement international, les dettes accumulation, des nouvelles règles mondiales

المخلص:

العولمة من الظواهر الإنسانية التي قلّصت الحدود الجغرافية لدول العالم و أضحّت هذه الدول قرية صغيرة بفضل تسارع وسائل الاتصال و المعلوماتية. اكتسبت هذه الظاهرة أبعاداً متعدّدة منها ما هو اقتصادي و منها ما هو سياسي و منها ما هو اجتماعي و آخر ثقافي....

تركّز هذه الدراسة على العولمة الاقتصادية، و تهدف إلى تقديم و عرض الآثار الايجابية و السلبية لهذه الظاهرة على اقتصاديات الدول الإفريقية. فمما مكّن لهذه الظاهرة أن تنتشر في إفريقيا هو تعاضم التجارة الدولية و كذلك دور الاستثمار. وهذا في الوقت الذي يهدّد فيه عدم الاستقرار و ارتفاع حجم المديونية و الفقر و التهميش ديمومة هذه الظاهرة و بقاءها.

كما تهدف هذه الدراسة إلى اقتراح الحلول و البدائل الكفيلة بإنجاح تنمية مستدامة تكون في خدمة و ترقية الإنسان الإفريقي .

الكلمات المفتاحية:

العولمة الاقتصادية، الآثار الايجابية / السلبية، التجارة، الاستثمار الدولي، ارتفاع المديونية، القواعد العالمية الجديدة.

There is consensus among many scholars, opinion leaders, and political analysts that the world phenomenon globalization has had diverse and significant effects on African continent, economic, political, security, environmental, health, social, and cultural. However, the nature of these effects varies in proportion to different schools of thoughts. Some believe that globalization brought massive benefits to Africa, whereas others think that it only worsened misery. This is particularly true of wealth division.

Globalization has socio-cultural-political and economic effects on Africa. Socio-culturally speaking, it has been argued that the mass media and advanced means of communication have spread and imposed western values and models of life as a standard for all people. In view of this many cultures such as the African are being diluted and destroyed at the expense of others and negative values are being spread all over the world with relative ease. Politically speaking, democracy and human rights are becoming the catchphrases if not the issues of this global age. Economically speaking, realizing worldwide free trade and trans-national corporations are the main goals of globalization actors. This will be further analyzed in the next sections.

This paper will highlight the fact that globalization has been mixed blessing on Africa. If Africa thanks globalization for growth in trade and international investment, it can damn it for the risks of instability and marginalization. As a matter of fact, there are many facets and perceptions of globalization, technical, cultural, and economical. The striking feature of these perceptions is the consensus on the fact that globalization has progressively knitted together the world and created unity out of great diversity. However this paper will concentrate upon the economic globalization and its effects on Africa. Thus, this essay will focus on the following sections. First section gives a preamble with a set of definitions of globalization in general and economic globalization in

particular. Second section focuses on the positive effects of globalization in general. Third section deals with the negative upshots the phenomenon has had on African economy. The last section is designed to highlight and discuss the possibility of finding lasting solutions to the drawbacks of globalization on African economy.

2. Towards a Definition of Economic Globalization

Bringing the effects of globalization on African economy into light, necessitate a dive into the bottom meaning of the term. The term is used to differentiate between the old and the new modern world of the last few decades. During this span the world has gone through various cultural, social, political, and economic changes which shaped up the status quo of the world¹.

The multidimensional nature of globalization has triggered various definitions of the concept. Etymologically speaking, the term is derived from the word globe i.e. Planet, Earth. According to the Online Etymology Dictionary, the term is derived from the word globalize which refers to the emergence of an international network of social and economic systems.² The term is interchangeable with Villagization or Global Villaging i.e. transformation of the world into a small village in spite of the geographical boundaries, thanks to advances in information technologies and transportation: super highways, bullet trains, and aircrafts. In keeping with M. Castells, globalization is defined as *“a process of growing interdependence between all people of this planet. People are linked together economically and socially by trade, investments and governance. These links are spurred by market liberalization and information, communication, and transportation technologies.”*³

Yet, the key element of globalization is interaction of people of different parts of the world into a common system. In view of this, it can be stated that the phenomenon is not new to Africa and the world in general. For instance, the process of interaction of Africa with the external world existed centuries ago whether in the form of trade exchange or

colonial occupation. Either negatively or positively, the results of this interaction have helped Africa to integrate into the global system.

In fact, scholars of various persuasions agree that globalization is inter-connecting the world countries while bringing challenges and opportunities along. The International Monetary Fund conceives globalization as a *“a process of growing global inter-dependence of countries through increasing volume of cross-border transactions in goods and services and of capital flows and also through the more rapid and widespread diffusion of science and technology.”*⁴ It is popularly believed that the conceptual definition of globalization provided by the World Health Organization in 2006 highlights the manifold dimensions of the term. *“Globalization, or the increasing interconnectedness and inter-dependence of people and countries, is generally understood to include two-inter-related elements namely the opening of borders to increasing fast flow of goods, services, finance, people and ideas across international borders; and secondly the changes in institutional and policy regimes at the international and national levels that facilitate or promote such flows and it is –recognized that globalization has both positive and negative impacts on development.”*⁵

Kolodko named the increasing interaction and integration among people, companies and governments of different nations as globalization. This interaction has affected the world at various levels, culturally, socially, politically, and economically. As observed by the UN-Poverty and Development Division (1999), *“while definitions and perceptions of globalization varies with context of analysis, the process generally refers to an increasing interaction across national boundaries that affect many aspects of life in terms of the economic, socio-cultural and political aspects of life.”*⁶

From the foregoing, it is safe to conclude that the process of globalization is multi-facets and subject to various

perceptions. However, this paper focuses on economic globalization and its effects on Africa. Economically speaking, the term is generally used to define an intensification of cross-border trade and increased financial and foreign direct investment flows, promoted by rapid liberalization and advances in information technologies. Nsibambi summarized globalization into five concepts. He defined globalization as *“a process of advancement and increase in interaction among the world’s countries and peoples facilitated by progressive technological changes in locomotion, communication, political and military power, knowledge and skills, as well as interfacing of cultural values, systems and practices.”*⁷ In keeping with him, this world phenomenon has happened and spread thanks to policies of governments, Private Corporation, international agencies and civil society organizations aiming at realizing economic, political, technological, ideological, and military development and competition.

Moreover, The International Forum on Globalization ascertains that globalization’s aim is to favor and create a globalized economy controlled by supra-national, corporate trade, banking institutions and facilitated by the rapid and widespread diffusion of science and technology. Furthermore, The International Journal of Academic Research in Business and social Sciences simply explained economic globalization as *“a process of reinforcement and extension of the international flux of commerce, capitals, technology, and labor force.”*⁸ The development of the transnational corporations is at the heart of economic globalization.

A subtle definition of economic globalization is provided by Kwanashie who asserts that globalization is *“a process of creating global market place in which all nations are increasingly forced to participate. The key elements of this process include the interconnection of sovereign nations through trade and capital flows; harmonization of the economic rules*

that govern relationship between the sovereign nations, and the creation of structures to support and facilitate dependence as well as the creation of a global marketplace. The process is accelerated by such openings, which the advancements in information technology have provided.”⁹

The wide world phenomenon not only has manifold perceptions but it has manifold effects on the world economy in general and Africa’s in particular as well. Many schools of thoughts agree about the fact that globalization has had both negative and positive upshots on the African economy. The aim of this paper is to throw light on the consequences the phenomenon has had on African economy.

3. Positive Effects

In spite of the crippling bottlenecks, upshots of colonialism, corrupted governments, dictator leaders and lack of strategic plans, globalization has slowly found its course into Africa and positively affected certain economic aspects. For instance, globalization has fostered the growth and spread of Foreign Direct Investment in Africa in the last three decades. The FDI has been very rewarding as it brought investable financial resources. It provided new technologies. It facilitated access to export markets. It enhanced skills and management techniques.

A well balanced economy is the result of good governance. Globalization promoted some African countries to realize democratic governance and transparency thanks to the development of the African press which empowered African societies to exert influence on the public administration systems to re-adjust to certain demands such as transparency and accountability, democracy, clean environment, gender equality, human rights and freedoms, poverty eradication, and competent leadership.

Globalization has helped Africa to open its economy to world trade thanks to the foreign interaction and investment in Africa. Therefore, some reforms were made in favor of free

trade like: reduction of administrative price control, liberalization of agricultural marketing, and rationalization of tax systems.

This could not come to life without the key factor of international trade and globalization, transport. Whether by rail, air, road, or water, transport has witnessed considerable improvement in Africa. This promoted more physical access and links to market places. It encouraged more export competitiveness. It helped Africa to get ready to welcome globalization.

In the information age, globalization has created the virtual global information village¹⁰ thanks to the radical changes internet revolution has made. The free flow and access to information has connected the Africans with people all over the world creating, by then, a global culture that is homogeneous. The process of transformation from analogue to digital life has been very slow in Africa, yet its effects are noticeable mainly in trade and investment.

In spite of everything, globalization has also been a source of many obstacles in the course of progress of the African economy.

4. Negative Effects

One cannot deny the great opportunities globalization is offering to the world; nevertheless these opportunities and benefits are not evenly shared across and within countries, a case in point is Africa. *“While globalization has positive, innovative, dynamic aspects, it also has negative, disruptive, marginalizing aspects.”*¹¹

a- Individualism

One of the by-products of capitalism is individualism. The principle of individualism is ‘all to himself’ and survival by all means. This philosophy has been highly rewarding to many rich countries. However, this was not the case for Africa. It is popularly believed that Africa is not yet ready for such economic system. In view of this, as soon as the globalization actors introduced such ideology to Africa, its negative effects swiftly floated on the surface. It widened the

gap between the poor and the rich as all opportunities have been seized by the one at the expense of the group. In keeping with Aborisade Olasun Kanmi, *“the ground has been pulled under one’s feet and with this emergent situation, survival has replaced rationality and desperation replaces reason.”*¹²

b- Cold War

Tendon¹³ considers globalization as one of the upshots of the Cold War which has had noteworthy results for Africa. A case in point was the emergence of authoritarian regimes in the form of one-party or military regimes in the 1960’s and 1970’s. This was basically a consequence of the support of the two blocks to keep African countries in their own place. Subsequently, Africa’s international negotiating power and its ability to maneuver in the international system was hindered. All in all, Africa can put the blame of the limited democracy and economic development on the Cold War.

c- Erosion of Sovereignty

Specific impact of globalization on Africa were identified according to Oyejide¹⁴ in the political sphere, the most important consequence is the erosion of sovereignty, especially on economic and financial matters, as a result of the imposition of models, strategies and policies of development on African countries by the International Monetary Fund, the World Bank and the World Trade Organization. More important is the fact that globalization for most part does not facilitate the establishment of the economic conditions necessary for genuine democracy and good governance to take solid roots and thrives.

d- Economic Marginalization

One of the downsides of globalization on African has been the economic marginalization of African economies and the reliance on a few core goods. Accordingly, supply, demand, and prices are externally decided on. Subsequently poverty and the economic inequality are aggravated; let alone the inability of the vast number of Africans to participate meaningfully in the social and political life of their countries.

e- Anti-developmentalism

Anti-developmentalism has entered the dictionary of globalization to mean the irrelevance and uselessness of the state in the development process and effort. Development strategies and policies that focus on stabilization and privatization, rather than growth, development and poverty eradication, are pushed by external donors, leading to greater poverty and inequality and undermining the ability of the people to participate effectively in the political and social processes in their countries. Moreover, even the social services such as the welfare programs which are meant for the well-being of the inhabitants moved from governmental to non-governmental organizations that begin to replace governments making them to lose the little authority and legitimacy they have.

f- Economic Specialization

In keeping with Rodrick, imposing an economic specialization based on the needs and interests of external forces has transformed the economies of African countries into enslaved economies linked to the outside but with very little linkages among them, thus democracy, with its emphasis on tolerance and compromise, can hardly thrive in such an environment¹⁵. Furthermore, Mule¹⁶ explains that the economic specialization imposed on African countries has resulted in slow economic growth and production, acute conflicts over the distribution of the limited gains realized from globalization, and the discrimination of minority groups with little gains. This would have a negative effect on the solidarity and the harmony among the people, and result in shaky democracy. Mowlana added that economic specialization limits the ability of African governments to take proactive and conscious measures to facilitate the emergence of an indigenous entrepreneurial class¹⁷.

g- Unscrupulous Businessmen

Corrupt businessman have found the suitable environment, with the expansion of globalization, to

strengthen and prevail the trade in drugs and human smuggling, not to mention the dumping of dangerous waste and depletion of the environment.

h- Brain Drain

Globalization has facilitated mobilization across the globe; which made brain drain the foregone result in many developing countries. Attracted by the better life and the well-being beyond the boundaries, many if not most of the scientists and the elites chose to immigrate.

i- New Global Rules

Among the rituals of globalization that the participants in this process are to respect are certain globalized rules put by the world decision-making bodies. This process gave birth of international courts, international human rights organizations, international military conventions, international laws, rules, and regulations to which the state is subject. For instance, the state has to consider the international trade agreements and lobby groups before taking national and international decisions. Therefore, societies, today whether western or African, are forced to adapt their behavior and relations to the new norms of globalization which are knitting up countries. International agencies such as the World Bank, IME, and United Nations World Trade Organization make certain policies and decisions which have further marginalized Africa's poor countries and people, especially in the trade area and have eroded the sovereignty and power of the state. *“For example, we have the Structural Adjustment Programs encouraged by the World Bank, and its attendant the pressure on government to remove subsidies on some usable and essential goods which are meant to protect the poor and the weak.”*¹⁸ Globalization has set new global rules that have further marginalized Africa's poor countries and people, especially in area of trade.

j- Debt accumulation

From the one side, globalization has evoked worldwide economic cooperation and cross-border interaction between rich and poor countries. From the other side, it promoted and

created the context for the poor countries to borrow money from rich countries, the fact that resulted in debt accumulation. Most African countries have always been struggling to get rid of the debt burden. However, over the last decades when globalization spread and crossed the borders, their debts increased, mainly when they borrowed money in the name of poverty reduction. Nevertheless, their spending to ease poverty remains very low. Subsequently, their capacity to refund what they owe diminished.

5. Suggested Remedies

Below are some of the strategies that can help bringing under control the demerits of economic globalization on Africa.

a. Poverty Eradication

When globalization reached Africa, it has been noticed by many economists and sociologists that the main concern of the African governments has been intensive foreign investments, trans-national trade and capital inflows. Rich businessmen with the help of globalization actors set their objectives to make African countries go through the fast lane of globalization to keep up with the western world while neglecting and marginalizing the poor who did not find any room in the world of capitals and digitals. If African governments keep neglecting this category of people, the process of globalization will fail because of an obstacle called poverty. Prevail

b. Obliteration of Debt Accumulation

African countries have been suffering the debts burden for many years that the phenomenon is on the verge to become a feature of these countries. The incapacity to pay back in due time resulted in the accumulation of debts. To tell the truth, this phenomenon has only prevailed within the context of globalization. To open up to the world and to keep pace with the process of development, the African countries are pushed to borrow more and more. Most of the African governments justify their debts burden with poverty eradication, while their social spending that would go towards

alleviating poverty remains low. African countries should take decisive actions to reduce the debts burden and shift their spending towards sustainable human development.

c. Reshaping Economic Development Strategies and Policies

Receiving foreign aid, investments, trade access, and political and military support as part of the conditions and contract of globalization, African countries have to follow development strategies and policies imposed and dictated by globalization actors. Not surprisingly, these strategies and policies serve more the interests of external forces rather than those of the African people they claim to be assisting. Economic development strategies and policies should be reshaped according to the nature, ownership, management, allocation, utilization and distribution of resources of the African countries.

d. Effective Regulations for Environment Protection

In addition to poverty and debts accumulation, production of harmful chemicals, global warming, depletion of natural resources destruction of organic agriculture, dumping of nuclear waste are other challenges facing the economy of the African countries. Since the global actors started investing and expanding their activities, especially those related to industrial, agricultural, mining, forest exploitation and fishing, certain regulations have been implemented at the level of African public administrations. However most of the African states' capacities to handle the issues remain limited. On the other hand, they are expected to meet expectations regarding industrialization, agricultural modernization, and exploitation of natural resources, under the pressure of local and global environmentalist groups. Global forces in this respect, rather than putting too much pressure on governments to do what is beyond their capacity, should first and foremost concentrate on strengthening the capacity of these governments in relevant aspects.

e. Empowering the African State Authority

In keeping with globalization terms, African states and respecting these terms are to follow certain imposed regimes. Consequently, the majority of them find themselves in a situation of “*fait accompli*” when it comes to making certain policies and decisions. International agencies such as the World Bank, IMF, United Nations, World Trade Organizations, etc. take decisions which are crucial to the African countries. This has more or less eroded the authority and the power of the state. Powerful country controlling weak countries is not a new phenomenon; it has existed for centuries, except it has gain new form in the time of globalization. This can be healed or reduced through the voice and representation of African states in world bodies.

6. Conclusion

For Western developed countries economic globalization has offered global integration and development. However, for developing countries like African, it has posed enormous challenges and demands on their capacities. Over the last decades, globalization has gained speed and covered the entire world like in one sweep. Africa is a part of the world and has nowhere to escape from the process of ‘villagizing’ the world. Following the path and adapting to globalization is one of the hardships African countries are to endure currently as they suffer many weaknesses at different levels, technology, equipment, resources, institutions, structures, skills, knowledge, network, etc.

In my book, to benefit effectively from the phenomenon Africans need to help themselves in the first place before asking help from globalization actors such as the United Nations, The world Trade Organization, and the World Bank. In fact, they should revolutionize their vision and attitudes about globalization. They should see globalization as a process of change full of opportunities and challenges that must be carefully and skillfully exploited and managed for human development. Africans need certain sensitivity,

willingness, openness and change of attitude about the phenomenon. They should develop and strengthen political and public administration systems to plan carefully for the foreseen changes brought by globalization. They should create institutions for policy analysis, planning, implementation, monitoring, and evaluation. They should deviate towards flexible rules rather than inflexible rules to meet sudden changes and needs. Global actors should take into consideration the state and financial capacity of the African countries before making any decision. Therefore, African states should create certain pressure to make their voice heard in international bodies. They should follow specific strategies to identify and diagnose their strengths and weaknesses to devote the foreign assistance they receive to deal with and heal social issues such as poverty.

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