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Globalisation and the Challenges for the African State[1]

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ABSTRACT

This article argues that globalisation, which has become an undisputed phenomenon in the post-Cold War era, is not new. Rather, it is an acceleration of the process of capital accumulation and exportation to the South, which has been in place since the seventeenth century. However, in the post-Cold War era this process changed qualitatively from its previous character with the emergence of new global institutions such as the World Trade Organisation (WTO) and regimes like the Uruguay Rounds Agreements (URA) which supervise and regulate trade among nations.

The contemporary globalisation has spawned competition, which has ultimately worked to the disadvantage of Africa. Consequently, while other regions find niches in the increasingly competitive global market and thus getting integrated into the international economy, Africa's posture in the global economy is getting increasingly ambivalent. On the one hand, Africa's increasing marginalisation is reflected in its declining share of world trade, overseas development assistance (ODA), direct foreign investments (DFI), and the loss of its previous comparative advantage in the supply of raw materials. On the other hand, Africa's dependence on the global market and International Financial Institutions (IFIs) is growing. This uncertain position in the global economy has also produced adverse consequences such that while Africa's economies stagnate or decline under the weight of market liberalisation, the economies of East Asia, for example, grow.

In general, globalisation created major challenges for Africa. These challenges include the erosion of the continent's tenuous sovereignty, which has been subverted by market forces and IFIs; the creation of salutary conditions for intra-state contestations and armed conflicts; impeding Africa's efforts at establishing a common market; and hastening environmental degradation on the continent. It is argued further that the very logic of globalisation vitiates the efforts of African states to adequately respond to these challenges.

Keywords: globalisation, colonialism

INTRODUCTION

> The new globalisation is reversing some of the gains Africa made during the Cold War years [and exposing the continent] to the profit maximising greed of western corporations. (Tandon 1998: 3)

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Since the end of the Cold War a newly emerging orthodoxy has been changing the character of the global economy. The principles of the market and free trade have become the unflinching articles of faith. The private sector is accepted and projected as the engine for growth while the role of the state is being curtailed in economic development. Also, information flow has witnessed a major revolution, while multinational corporations (MNCs) and trade policies have fused the global economy into a large single market for the first time in history while information flow has witnessed a major revolution. As these processes unravel, severe consequences are unleashed. For some nations, the process offers tremendous opportunities, while for others it poses nearly insurmountable challenges. For African states, most of which are crumbling within their own domestic borders under the weight of severe economic and political pressures, and whose economies occupy precarious postures in the world economy, globalisation poses a new set of challenges. This paper attempts to dabble with this issue. It unravels some of the enormous challenges posed to the fragile African State by the new economic orthodoxy, often called globalisation. It argues that among other things the new orthodoxy erodes the tenuous sovereignty of African states, creates salutary conditions for intra-state conflicts, undermines Africa's efforts at regional cooperation, and hastens environmental degradation on the continent. We opine that globalisation imparts contradictions, which further undermine Africa's ability to effectively meet the above challenges.

1. Globalisation: What Is It?

Although globalisation is a fashionable new buzzword, it has different meaning for different people. While for some globalisation denotes a purely economic phenomenon, for others it also involves the diffusion of political and cultural ideologies (McGrew 1992). Even those who think of globalisation as essentially economic phenomenon still do not totally agree on what aspects of national economies are globalised. For our purpose here, however, globalisation is seen principally in the economic realm although it will not necessarily preclude political and social issues. In this wise, globalisation refers to the growing expansion of trans-border financial flows and economic activities among nations, in a manner that diminishes the importance of national boundaries. In other words, it involves a process of connecting the world through economic but also social and political processes into what is called the 'global village' (McGrew 1992: 63).

There is lingering debate about whether or not globalisation is a novel phenomenon, marking a new historical epoch in the world's political economy. Some scholars suggest that globalisation is a new process (Cox 1994; Barber 1995). This school is supported by the rate and intensity of communication and financial interconnectedness among the economies of the world, which have reached a scale hitherto unknown. Moreover, there has emerged for the first time

new global institutions such as the World Trade organisation (WTO), formally the general Agreement on Trade and tariffs (GATT), and the Uruguay Round Agreements (URA) to supervise and regulate international trade and financial transactions among nations. For these reasons, some believe that globalisation is a new phenomenon. In contrast, other writers argue that globalisation is not new but simply an acceleration of a process of capital exportation and accumulation that has been in place for centuries (Underhill 1994; Holm and Sorensen 1995; Weiss 1997; Tandon 1998; Sawyerr 1998). Proponents of this view posit that throughout history deliberate and unconscious attempts to conduct the world under either a common economic regime, or a common political civilisation have been visible. For example, during the eighteenth century - a period generally referred to as the mercantilist age - European traders sailed and discovered 'new worlds' and sought to connect these newly discovered areas with Europe via trade (Gilpin 1987). Similarly, in the nineteenth century, capital left Europe to open up new areas in America, Australia and, to a limited extent, Africa with an aim of bringing these regions under a common capitalist regime.

That globalisation is not a new phenomenon is evidenced, moreover, in the fact that rhetoric about free trade, comparative advantage and the diminished role of the state, which underlie contemporary orthodoxy, are all old modernisation assumptions. These presumptions are traceable to the days of Adam Smith and were reinvigorated in the 1960s when the modernisation paradigm came into vogue. The classical economists of the time predicated free trade on the sanctity of the market, which was believed to be self-regulating, an efficient allocator of resources and hence able to maximise consumer satisfaction. Because of its self-regulating mechanism, the market was to be rid of all forms of interference, including the state. According to Hayek (1982: 142-3), a later apostle of the market philosophy, interference with the market was tantamount to subverting its 'spontaneous order'. From the 1970s, the presently dominant international financial institutions (IFIs) - the International Monetary Fund (IMF) and the World Bank - have been active in pushing the market agenda. The policy prescriptions of these twin Washington-based institutions for developing countries have emphasised economic liberalisation and export-led strategies, extolled to be the engines for growth. Thus at the beginning of the 1990s, the World Bank urged developing countries unto the path of free trade:

> The industrial countries of today grew prosperous through [free] trade. No effort should be spared to ensure that developing countries can follow that same path to development. (World Bank 1991: 108).

Clearly, then, prior to the demise of the Cold War, globalisation and its neo-liberal doctrines were in full cry. However, during the Cold War, the neo-liberal agenda could not be vigorously imposed on Third World countries, as is the case in contemporary times, because the bi-polar nature of the international system at the time offered developing countries some choice between the competing liberal and radical ideologies.

In the post-Cold War era, however, this changed and globalisation became qualitatively different from its previous cold war character. Central planning as an ideology lost credence and the neo-liberal ideology, together with its attendant precepts, became dominant and unassailable. Consequently, the processes of free trade and capital exportation from the North and its penetration into the South took an accelerated and rapacious turn. This was facilitated by new global economic institutions and regimes, which linked up national economies and particularly financial markets in a manner that defied the existence of state borders. Also promoting this process were new technologies, which revolutionised the flow of information. The diffusion of information has become so swift that currency devaluation in Brazil, for example, spontaneously raises stock prices in Johannesburg. In addition to capital, the world is also being inter-linked by a common liberal ideology. Western-styled democracy has become the political anthem, which Third World countries must adopt and practice or risk loosing external aid, Western investments or total isolation.

Also noticeable about contemporary globalisation is the growing trans-border nature of production. In the past, the production of commodities was done, to a large extent, in one country. Today, intermediate production takes place in more than one country. Such trans-border production of commodities is being facilitated by several factors. Key among these factors are the fall in the cost of the mobility of factors of production, the economies of scale, the nearly unimpeded flow of information, the advent of sophisticated and efficient methods of production and, above all, the enhanced freedom of MNCs - the central agents of globalisation - to move across state borders. These factors, along with the de-erection of trade barriers among Third World countries, have combined to cause huge expansions in production and trade flows. Between 1990 and 1993, for example, global trade grew by over 10 percent and the Uruguay Round is expected to generate an increase in merchandise trade of 12 percent by the year 2005 (World Bank 1994: 30-31). While production is expanding, competition among nations for investments is growing keener. Although firms and MNCs now have access to global markets, decisions about where to locate production plants are still influenced by a variety of factors. Among many considerations, a firm's decision to invest is influenced by the availability of cheap labour, friendly investment codes, political stability, and the transparency of the political system (Strange 1991).

The contemporary globalisation has also been accompanied by a proliferation of international agreements, which obligate developing countries to dance to the rhythm of the new orthodoxy. These agreements have largely rendered developing countries pliable to control and exploitation by foreign capital. One such code of rules is the Multilateral Agreement on Investments (MAI) whose negotiations began in May 1995. Originally negotiated among the Organisation for Economic Cooperation and Development (OECD) countries, MAI was subsequently offered to developing countries on a take it or leave it basis. Essentially, MAI requires all member countries to relax restrictions on

export and imports and to demolish trade barriers. It strips host countries of their right to adopt discriminatory regulations against foreign investors and gives the latter the right to directly challenge such laws in local courts or before the WTO. Moreover, MAI offers unfettered freedom to foreign investors in matters of profit repatriation. In a broader sense, the agreement opens up all sectors of the national economy to foreign investors and increases the freedom of choice of the latter about where and when to invest. Indeed, as part of the broad conditionalities designed to create investment-friendly atmosphere and also to integrate as many as possible countries into the global economy, the World Bank compels its African clients to join the Multilateral Investment Guarantee Agency (MIGA), which guarantees profit repatriation for foreign investors. Against a backdrop of the wide powers and privileges granted to MNCs by MAI and the MIGA, there is a strong premonition that globalisation may undermine developmental efforts in Africa as reflected in the opening epigraph.

In addition to such external pressures from multilateral agencies, there are also uncontrollable domestic forces making African states all the more receptive to foreign investors. The acute shortage of capital and the continuing need for investments to create employment opportunities is one such internal factor. The need for capital has been so acute that formally afro-marxist countries such as Ethiopia, Ghana, Burkina Faso and Mozambique, which were previously aversed to the IMF and the West have all become affable to private capital. Retracting from earlier oppositional postures, these countries have reassured the investor community of their new determination to be accommodative and friendly. In some countries, such as Ghana in the early 1980s, the state relaxed earlier anti-foreign investment codes and formulated new ones designed not only to dissuade existing investors from leaving, but also to persuade potential MNCs to come in (Ahiakpor 1985). As MNCs come in they internationalise the host economies and thus bring economic issues which were once considered purely domestic and under the jurisdiction of the state under multilateral disciplines. This largely disconcerting trend has critical implications for the sovereignty of the host states, an issue to which we shall return later.

In the meantime, the process of globalisation spawned many contradictions that ultimately compound the challenges for the African State. Two of these contradictions are germane here. In the first place, globalisation requires competitiveness. It requires, for example, the acquisition of skills by the individual to compete in the global market place. Africa's experience demonstrates that the acquisition of skills is best accomplished with state assistance. At the same time, globalisation calls on the state to de-subsidise social amenities, including education. Against a background of pervasive poverty, globalisation hinders the acquisition of skills by a majority of Africa's population. Studies have shown that since the inception of liberalisation policies under the ubiquitous structural adjustment programs (SAPs) in the 1980s, education has been elusive for a large proportion of Africans. This has been particularly worse for, and devastating to, women who, given Africa's long traditions of male domination in society, have been the least able to access

education (Commonwealth 1990). Under the new orthodoxy, education has become the preserve of a privileged few.

Secondly, neo-classical economics surmises that liberalisation leads inexorably to competitiveness, which in turn attracts foreign investors. This assumption, which has remained at the heart of the IMF and World Bank's adjustment projects in Africa, can only be accepted with caution. The experimentation with SAPs has clearly shown that liberalisation by itself is scarcely enough to attract investments. Additional incentives, including quality social amenities and infrastructure, such as good communication networks, are essential both to the attraction and retention of investors. Yet as noted earlier, just when these basic amenities are needed to create incentives for investments, adjustment requires subsidies on them to be withdrawn. This contradiction is underscored by the realism that the conditions of roads, and access to water supply have seen sharp deterioration since African governments were obligated to de-subsidise social services. Similarly, health conditions have worsened under liberalisation with far-reaching implications for production and development. The importance of state investments in social capital for sustainable development cannot be over-stressed. The economic successes of the Asian Tigers (Hong Kong, Singapore, South Korea and Taiwan) are partly attributed to the state's investments in education, health and housing (Fei et al. 1979; Adelman and Robinson 1978; Stackhouse 1994; Stein 1995). Similarly, the role of the state in development cannot be overemphasised. The pattern of South Korea's economic expansion, for example, has been carefully planned by a powerful government, which, since the 1960s, fostered an export-oriented growth on the secure foundations of more than a decade of intensive import-substitution, based on trade restrictions, to build an industrial base. Only in the 1980s did Seoul begin to liberalise its import trade. Even so, this was pursued gradually (Sen 1983; Kim 1995). Thus, contrary to the depiction by the World Bank (1993) of the states of the Asian Tigers as retreating, they were in reality strongly interventionist, a prognosis that seriously interrogates the conventional thesis of state retreat as a condition for development.

Another visible effect of the new economic dispensation is the deepening of the polarisation between social classes and between regions (UNDP 1997). But even more critical, globalisation has accelerated the differentiation among nations because of the unequal capacities of states to access the opportunities from the global market. The gap between the North and some parts of the South has thus widened because the trajectory of free trade confers advantages on the former and constraints on the latter. Consequently, for the last three decades, sub-Saharan Africa (SSA) recorded negative average per capita growth rates of -0.35 percent (Moshi 1998) while much of the North grew steadily at over 3 percent. Given the wide development gap between the North and South, we witness the former thrive in affluence, while much of the latter sink deeper into poverty and general underdevelopment. This inverse developmental pattern underscores Myrdal's (1970: 279) assertion that international trade 'will

generally tend to breed inequality [among states] and will do so the more strongly when substantial inequalities are already established'. The unequal effects of globalisation on the South have also undermined the latter's previous monolithic nature as the former improves upon the economic fortunes of most Asian economies. East Asia successfully capitalised on the opportunities offered by globalisation through a careful mix of state and market policies, whose cumulative effect enhanced the ability of the region to develop a skilful labour force, a culture of increasing domestic savings, and success in adopting export-oriented models based on selective items in certain sectors of its economies. All these reflected in East Asia's overall economic performance. Between 1982 and 1992 it recorded a spectacular average GDP growth rate of 8.0 percent in contrast to Africa's figure of 2.0 over the same period (Callaghy 1995: 42). Sustained growth among the Asian Tigers has enabled these countries to develop stronger and competitive economies.

While the Asian economies grew, those in Africa stagnated or declined. Myriad factors accounted for this. First, globalisation diminished the importance of cheap raw materials and adversely affected the seeming comparative advantage previously enjoyed by Africa. Rather than raw materials and cheap labour, globalisation has spawned a trend where the comparative advantage of nations is determined more by the quality of human resources, by knowledge, and by science and technology. The emergence of biotechnology, along with the production of synthetic raw materials, has seriously undercut the importance of Africa in the new global market. Second, it occupies an ambivalent posture in the global economy, underscored by its simultaneous marginality in, and incorporation into, the global economy. Africa's marginality in the world's economy is demonstrated by its shrinking share of world's exports - from 4 percent in the 1960s to barely 1 percent in 1990 (Moshi 1998; Shaw 1995) - while its incorporation is reflected in the increasing dependence on the IFIs. These factors are coupled with the continent's familiar cycle of instability, corruption and waste, which incapacitate it to utilise the opportunities offered by globalisation. Thus, although Africa and Asia initially belonged to the Third World, globalisation has placed them in new and different 'worlds' today. The vast contrast between the promising and bleak economies of Asia and Africa respectively appears as though these regions are located on different planets. Globalisation has spawned new divisions and typologies, which undermined old assumptions. Previous and familiar polarisations based on North-South and East-West dichotomies have lost validity and are nearly anachronistic, as some Asian economies compete with the North while Russia, for example, assumes the characteristics of the South. Today, the central dichotomy is between the winners and losers in the international economy; between the regions, which enjoy the gains and those, which suffer the pains of globalisation.

Yet, the Asian experience teaches a critical lesson. It demonstrates clearly that the solution to Africa's poor performance and marginality in the international economy does not lie in closing its doors to foreign investment. In an age when the world has become interconnected, isolating an economy further

compounds its marginalisation dilemma. The solution to Africa's dilemma lies rather in the establishment of national rules that seek to nurture local investors while at the same time protecting foreign capital. Such national must be informed by the knowledge that historically meaningful development was elusive when Africa was predominantly statist as in the 1960s and 70s and market-oriented since the 1980s. Like the Asian Tigers, Africa requires developmental strategies that combine the good elements of both the market and central planning. Until such a careful intermix is done, Africa will, as in the past, be 'lost between the state and market' (Callaghy 1995: 47) and predictably reel further, even faster, down the slope of underdevelopment. Meanwhile, the pressures from globalisation leave critical implications for the African State. These consequences have been serious given the fragility of the African State and its peripheral position in the global economy.

2. THE NATURE OF THE AFRICAN STATE

In retrospect, the post-colonial African State acquired characteristics that rendered it vulnerable to the vagaries of the international economy. In the first place, the African state was an artificial creation (Wiseman 1990). It was artificial because in contrast to Western states, which evolved over along periods of time African states, with a few exceptions, were overnight creations lacking organic evolution from within civil society (Chabal 1986: 13). As a result of this artificiality, the state became weak and was scarcely in full control within its borders despite the possession of massive coercive instruments (Jackson and Rosberg 1982; Callaghy 1986). The successful overrun of some countries by rebels resulting in state collapse in recent years - Liberia (1990), Ethiopia (1991), Somalia (1991), Rwanda (1994), and the Congo, now the Democratic Republic of Congo, DRC (1996) - are indicative of the fragility of the African state. Where the state has not totally collapsed, it is logjammed with rebels as in Angola, Sierra Leone, and Sudan.

The frangibility of African states is historical and traceable to the very basis of state formation. The post-colonial state was established to perform functions it was barely capable of. Consequently, as it attempted to assume the burdensome functions of its predecessor, the colonial state, its 'apparatus of governance crumbled before it has been fully consolidated' (Bratton 1989: 409). This weakness, which in most cases undermined its legitimacy, meant that the state constantly had to resort to force and violence to secure allegiance and compliance with its policies. Largely because of this weakness, the state was incapacitated to withstand pressure not only from within its territorial borders, but also from the international space.

Secondly, and more important, the post-colonial African state became overly dependant, following its incorporation into the global economy. As it produced raw materials, it relied on the international market for capital and machinery. This condition placed Africa in a situation where its economic fortunes became

totally dependent on the international economy. Hodder-Williams (1984) metaphorical assertion that Africa catches pneumonia whenever the world's economy catches a cold graphically illustrates the degree and dangers of the continent's dependence on the global market. Such excessive dependence has vitiated the ability of African states to counter the adverse consequences unleashed by globalisation.

3. Implications of Globalisation for the African State

3.1. The Erosion of State Sovereignty

The process of globalisation leaves in its wake damaging consequences for Africa and its fledgling economies. In many respects, globalisation compounds old problems and creates new ones. Among its many effects, globalisation changes the character and role of the African State. International public opinion and markets have become the main decision-makers for African states. The state is compelled to adopt economic policies that conform to international desires and not necessarily those that satisfy domestic constituencies. In this wise, not only is the freedom of the state seriously circumscribed, but its options have also been severely limited. The state's circumscription is reinforced by the information superhighway. If news about a country's budgetary difficulties spread, prices and interest rates in other countries both far and near immediately hike. Such fiscal external factors determine the response of the local economy and simultaneously undermine the ability of the state to autonomously prescribe solutions for local crisis. In the New World market order, prescriptions for dealing with a country's internal economic malaise are determined by conditions in the global market. Market forces have taken over from the state the function to determine policy options for internal economic questions.

In addition, globalisation has shifted government action from political to mainly economic, in particular on critical foreign policy issues. Important foreign policy decisions of governments are informed more by economic than political consideration. Drowned in debt, and constrained further by the imperatives of structural adjustment, the major foreign policy concerns of African states are dominated by a desire to receive foreign assistance (Agyeman-Duah and Daddieh 1994; Kraus 1994) and, or to reschedule debts (Callaghy 1987). Consequent on this shift away from political to economic issues, foreign ministries, which have traditionally been the gatekeepers between domestic and external policy environments, have lost this function, ceding it to finance ministries and central banks (Akokpari 1999a). Negotiating teams to international credit institutions are composed of technocrats and officials from central banks and finance ministries rather than from foreign ministries while the pursuit of important foreign policy questions are weighed against the preferences of creditors.

As a further corollary to this shift, there has occurred a concomitant emergence of new foreign policy advisors and makers. These new actors included not only technocrats from the central banks, but most worrisomely officials from the IFIs. It is fair to admit that the involvement of the IFIs in Africa's foreign policy making has been covert and indirect for most of the time since they generally transmit their policy preferences either as conditionalities or through the proliferating consultants and advisors who are planted in key government departments and ministries. Although ideally meant to play advisory roles, representatives of the IFIs have come to wield considerable influence over foreign policy choices. In dire need of aid and dreading the risk of aid cuts, the last thing African governments will contemplate is shunning the advice of IFI representatives in their capitals. Beyond this proxy method of policy control by the IFIs, which has become the nightmare of the African State under the emergent market economy, there have been instances where overt foreign involvement has been clear and perceptible. The case of Ghana, the once acclaimed ‘success story’ of market liberalisation in Africa, is illustrative. According to Zaya Ayebo, a former cabinet member in the Rawlings government, IMF officials attended cabinet meetings in Accra shortly after the Ghanaian government concluded the SAP package with the IMF (Ankomah 1992: 14). Given Africa's continuing need for external aid, the practice of external control of its foreign policies may not easily abate. As a United Nations Committee Report warily noted,

> countries which are dependent on concessional financial flows …. have also been constrained in their national policy-making as a result of pressures from international financial institution and the loss of relative autonomy vis-à-vis those institutions. (CDP 1997: para. 45).

Thus under the globalisation and liberalisation regimes, the African state has reached a juncture where it has totally lost control over its external policies; a point where the illusions about its sovereignty have become more palpable than ever.

3.2. CONFLICTS AND INSTABILITY

The relative loss of control over its policies is not the only challenge for the African State under globalisation. Indeed, globalisation also exacerbates Africa's propensity towards political turmoil and conflicts, although this linkage is neither immediately direct nor easily perceptible. On one level, globalisation and its intrinsic liberalisation policies compound the already worse unemployment situation in Africa. The logic of the emergent market economy requires firms to compete in the market without state support. The experience of Africa under SAPs shows that liberalisation synonymised death warrants for most local industries. As Africa's industries produced at high cost because of their labour-intensive nature, they were easily out-competed by foreign companies, which

adopted more efficient methods of production. Most local industries thus collapsed, yielding to the more efficient foreign-owned firms. As a rule, the demise of an industry means the loss of jobs. Unemployment was further aggravated by governments' austerity measures, including massive retrenchment of civil servants. The combined effects of collapsed industries and retrenchments hiked Africa's average unemployment level to 35 percent since the early 1990 with the figure for Lesotho, Liberia and Mozambique rocking as high as 40 percent (Africa Information Centre 1999).

In most African economies, the immediate and remote effects of unemployment have been apparent and less debatable. As unemployed youth strive to make a living under severe economic conditions they resort to drugs, prostitution and criminal activities. Frustrated by the unsuccessful attempts to acquire jobs, moreover, the unemployed frequently engage in alcoholism and xenophobic attitudes as is evident in post-apartheid South Africa. The escalating waves of crime and gangsterism, which have become visible hallmarks of most African countries, particularly South Africa, are the direct results of unemployment. Besides the direct implications to the national economy, unemployment also possesses enormous challenges to the relatively affluent countries in Africa. Seeming economic opportunities become centrifugal forces attracting illegal migration. Thus surrounded by countries with declining economies South Africa, with promising economic prospects, has become the destination for illegal African migrants (Akokpari 1998).

On another level, unemployment breeds social tension, which may generate agitation for jobs. As the state is unable to immediately satisfy these demands, prolonged agitation may translate into violent demonstrations. Multiple lines of divisions in society render Africa highly susceptible to armed conflicts. Declining employment opportunities and lack of access to these could lead particular constituencies to feel marginalised and this could constitute the recipe for armed opposition to the state. On a further level, the effects of globalisation shrink state resources. First, as noted earlier, Africa lost its comparative advantage in the supply of raw materials with the advent of biotechnology and the discovery of relatively cheaper methods of producing these materials elsewhere. Secondly, the post-Cold war era has witnessed a trend of shrinking overseas development assistance (ODA) to Africa. For example, while new loan commitments by international banks to developing countries increased from $20.6 billion in 1990 to $28.1 billion in 1991, the proportion destined for Africa declined from $0.6 billion to $0.4 billion over the same period (IMF 1992: 77). As well, despite the institution of liberal investment policies, a trend of disinvestment by foreign companies is evident in Africa. In the 1980s, for example, Africa's share of global foreign direct investments (FDI) was 4.5 percent. By 1990 this plummeted to only 0.7 percent and has continued to decline in the face of inauspicious global and domestic conditions. On the aggregate, as a percentage of GDP, capital flight from Africa at the end of 1990 stood at 80.3 compared to 14.9 for South Asia (Callaghy 1995: 44; Africa Recovery 1996). Such shrinking ODA and declining investments have

consequences for Africa's economies. Not only do they cause a decline in state revenue, but they also leave the state with little resources for rent seeking and development. Above all, these developments subject Africa to the familiar cycle of borrowing, indebtedness, poverty and more borrowing with dire implications for governance and political stability.

Correlations have been established between a country's economic crisis and its tendency to witness armed conflicts. Smith (1992) has noted that nearly half of the 25 most indebted Third World countries were at war in 1990 or early 1991. Similarly, Brown (1995) contends that only Niger, Sao Tome, Senegal and Tanzania, among Africa's thirty-three most economically distressed and heavily indebted countries, have so far not witnessed violent conflicts. Some top officials of the United Nations (UN) have also acknowledged the linkage between poverty and economic adversity on one hand and armed conflicts on the other. Mrs. Theresa Sevigny, the UN Under-Secretary-General for Public Information, has candidly admitted that,

> The widespread unrest, turmoil and violence which is now afflicting an unprecedented number of countries is linked by one common thread of growing economic malaise, regardless of the ethnic and political guises it adopts. In Liberia, Rwanda, the Horn of Africa .... Poverty is the tinder, which ignites the resentments and fears that all people and communities harbour (Sevigny 1990).

As a rule economic crisis dramatised in growing poverty, unemployment and high levels of inflation aggravate scarcity, sharpen distributional conflicts and reduces prospects for compromises. Thus as globalisation compounds Africa's economic problems - debt, inflation - the African state is certain to be confronted with armed conflicts, paradoxically at a time it is least capable of containing them.

3.3. REGIONALISM

Generally, globalisation has spawned a trend towards the creation of new regional trading blocks and the strengthening of old ones. Such regionalisation trends have found vivid expression in the formation of the North Atlantic Free Trade Association (NAFTA), which has set in motion a process to incorporate other Latin American countries, and the strengthening of the European Union (EU) with the institution of the Euro as a common currency. In the Pacific Rim, diplomatic efforts are continuing to strengthen the Association of South East Asian Nations (ASEAN) as well as to create a Yen zone under Japan's leadership. Aside of states, mergers have also been seen among major international banks as well as big companies, including those in the automobile and the aerospace industries. These cooperative efforts are meant not only to insulate states and the companies from the adverse effects of globalisation and hence enhance their capacities to survive in the increasingly competitive global

market, but also to strengthen their ability to maximise benefits from the global market. Yet, while these mergers reflect a response to the intense competition precipitated by globalisation, they also signify a benign revival of protectionism whose effect is already clear for Africa. Today, Africa and much of the Third World cannot directly access the European market except through special agreements, paradoxically at a time when free trade is projected as a global creed. The critical lesson for Africa is that regional cooperation has become absolutely essential if it is not to lag further behind. Cooperation is even more compelling as the dictates of globalisation and the conditionalities of adjustment impel African states to deregulate their fragile economies. It is in this context that some have underscored the need for regional cooperation. Goulbourne (1987: 45), for example, has exhorted that 'if continental unity, the great dream of pan-Africanism, is unrealisable in the near future, the more readily acceptable option of regional cooperation should be pushed towards regional unity.'

Although sub-regional common markets such as the Economic Community of West African States (ECOWAS), the Southern African Development Community (SADC) and the revised East African Community (EAC) have been in existence, these have so far made limited impact in their respective regional economies, let alone on the continent. While it cannot be seriously disputed that inter- and intra-state conflicts have diverted attention away from effective cooperation, it is also arguable that globalisation and its vast panoply of free trade policies have militated against effective regional cooperation. The pressures unleashed by SAPs, for example, have been notable obstacles. First, by their simultaneous emphasis on cash crop agriculture and silence on industrialisation, SAPs exacerbate what one analyst has referred to as the 'agriculture fallacy of composition' (Callaghy 1994: 241). Predominantly agrarian, this situation limits opportunities for economic integration among African states as it undermines the basis of exchange. As a general rule, states are supportive of regionalism if its benefits address their developmental concerns. Canada, Mexico and the US, for example, are keen to promote NAFTA because of the perceived advantages promised by the community. By contrast, members of ECOWAS are only grudgingly enthusiastic about the regional scheme as the latter's developmental agenda has been constrained by the need to contain conflicts (Akokpari 1999b). As SAPs emphasise cash agriculture among these countries, which display a virtual homogeneity in production, little benefit can be expected. In a region where earning of foreign exchange is a top priority for states, regional cooperation in Africa may be unable to meet such national expectations.

Second, debt and structural adjustment, have become strong centrifugal forces that gravitate African countries towards the IFIs at the cost of intra-African ties. This trend has been reinforced by globalisation, which makes African countries, more outward looking towards the global market and, in particular, towards the North, which has remained the major source of the continent's aid and credit. Amidst intractable economic and developmental challenges, debt, rescheduling and the soliciting of external aid have become central in the policy calculations of African states. Consequently, a head of state

of an ECOWAS country, for example, is certain to attend a Paris Club meeting if this coincided with the Community's heads of government summit. Such a donor-oriented posture of states is hardly compatible with regionalism (Shaw 1989: 112).

Furthermore, although globalisation necessitates the cooperative efforts of states, it also spawns individualistic tendencies among affluent countries desiring to find niches in the international market. This trend has a potential to undermine concerted efforts at regional economic cooperation. South Africa, which currently deals single-handedly with the EU in its attempts to gain access to the European market, is probably the most guilty of this process. If the on-going negotiations with the EU are successfully concluded both will have access to each other's markets. It is, however, certain that the EU's insistence on the exclusion of some 46 percent of South African agricultural exports from the agreement will delay a final settlement (Electronic Mail and Guardian 29 January 1999). What is relevant, and perhaps rueful here, is that no African state, not even SADC as a regional body, is involved in what has become purely Pretoria-EU negotiations. Such individualistic initiatives send disturbing signals for economic cooperation on the continent. For one, it preaches the 'everyone for himself and God for us all' message which is clearly at variance with cooperation. Moreover, the South African initiative suggests, and indeed emphasises, that economic interests of the country cannot be sacrificed on the altar of regional cooperation. Such individualised initiatives may ultimately hinder effective regional economic cooperation and further weaken Africa's position as an effective member of the global village.

3.4. The Environment

Environmental problems have become one set of challenges for Africa under globalisation. Free trade assumes that participants benefit in terms of employment, high incomes and rising standard of living. In practice, however, free trade has remained meretricious as it benefits are totally eclipsed by the damages it causes. The ecological implications of free trade are particularly dire in Africa, where states have less stringent environmental laws and where these laws are scarcely enforced. As noted earlier, poverty increased as a result of the massive retrenchment of public servants and the aggressive policy of desubsidisation that attended SAPs. These austere economic measures augmented Africa's rapid population growth of 3 percent per annum - the highest in the world - at a time when national economies were declining. Generally, impoverished communities tend to over-exploit scarce natural resources, thereby exerting additional pressures on the environment. As the World Commission on Environment and Development (WCED 1990: 28) noted,

> Those who are poor and hungry will often destroy their immediate environment in order to survive: they will cut down forests; their livestock will overgraze grasslands; they will overuse marginal lands; and

> in growing numbers they will crowed into congested cities. The cumulative effect of these changes is so far-reaching as to make poverty a major global scourge.

Poverty is thus a simultaneous cause and effect of environmental degradation. Its eradication is therefore a first step towards an environmentally sound development. In specific terms, poverty poses serious threats to Africa's environment because over 70 percent of the continent's impoverished population live in the rural areas and base nearly all their economic activities on the forest. This puts severe pressure on forests. In addition to clearing for farming, for example, forest wood is also the predominant source of energy. As no prospects exist for the reversal of these practices, Africa's forests have come under serious danger of being completely destroyed (Timberlake 1988). As deforestation outpaces reforestation, Africa looses 36,000 square kilometres of land on the average to the desert annually (Nnoli 1990), a matter that clearly should be of serious concern for the African state.

Further, globalisation and its attendant free trade policies compel African states to relax or waive environmental regulations in order to increase their competitiveness. But rather than improve upon the economic fortunes, free trade sinks African states deeper into debt because of the asymmetry in the international economy. The killing of local industries, the unimpeded repatriation of capital in the form of profits, the concessionary tax breaks which MNCs enjoy, and the decline in the competitiveness of Africa's primary products on the world market, are all sources of lost revenue to the state. These create huge gaps between income and expenditure on the national account, which in turn precipitate a need for external financial assistance. Africa's many years experience with aid demonstrates that it is not simply an act of charity. Rather, aid creates its own problems of debt and dependency. Africa's debt and its ancillary SAP have left ravaging implications for environmental protection. This fact did not escape the attention of the 1992 Earth Summit Conference in Rio. The conference was concerned that the pressure to earn foreign exchange in order to repay debts coupled with the demands of SAPs may compel African states to marginalise environmental conservation in policy formulation (George 1992). The fear of the Summit Conference was vindicated as most African states were compromising environmental protection for debt repayment. For example, in a bid to increase its foreign exchange earnings, Ghana sharply increased its timber exports with damaging consequences. Within 10 years, the size of Ghana's tropical forests shrank to just a quarter of its original size (Nyang'oro 1995: 203). Some observers contend that the threat posed by deforestation to Ghana today is direr than the HIV/AIDS pandemic (Bour 1998: 5). Also, in desperate need of foreign exchange, some African governments are prepared to relax environmental rules in order to attract investors. The story of the Nigerian government's execution of Ogoni environmental activists in November 1995 is not only bizarre, but also well known. Although it was evident that Shell, the giant oil company operating in the Niger delta, was polluting the environment

and impoverishing the surrounding communities, the government of Sani Abacha did not only defend the offending company but also brutally suppressed community agitation in the interest of foreign capital. Similarly, on record Benin is to be willing to accept the damping of toxic wastes in its oceans for compensatory payments of as little as $2.50 per ton as opposed to $4000 in the US (UNEP 1995: 15). In trading the environment for hard currency, African governments are wont to erroneously imply that holistic and sustainable development is possible without environmental conservation.

Globalisation and competition have also caused a phenomenal expansion in the extractive industry in Africa. One mineral whose exploitation rose sharply in tandem with the growth in the mining industry is gold. But the mining of gold has left ravaging consequences in its wake. Besides exhausting the finite deposits, surface mining of gold has devastated surrounding communities, which have witnessed water pollution, destruction of homes and farmland, as well as inexplicably horrifying environmentally-related diseases. All these happen without adequate compensation to the victims. More pathetically, these communities are becoming increasingly marginalised and disempowered in controlling their own resources. For example, many communities in the western region of Ghana have taken the government to task for ceding their lands as gold mining concessions to foreign companies without their knowledge (Ghanaian Online Chronicle 14-15 September, 1998: 16). The communities are even more troubled that the Ghanaian government colludes with the mining companies to impose unfair deals on them (Ghanaian Online Chronicle 10-11 June, 1998: 1). This capital-inclined posture of the Ghanaian government vis-à-vis the interest of domestic constituencies reflects the surge in the power of global capital over labour and other social entities. As Mengisteab (1998: 15) argues,

> [The] ability of [financial capital] to discipline governments has increased considerably. Fear of loss of competitiveness in attracting capital has increasingly pressured governments to extract concessions from labour and [other domestic constituencies] to make their policies increasingly capital-friendly.

Under the new orthodoxy, we should expect a trend of covert, but sometimes overt, state suppression of local voices on environmental questions.

Finally, multilateral agreements like MAI grant broad new economic rights to MNCs without commensurate environmental responsibilities. The free-for-all trade and its accompanying rules have strengthened the ability of international trade bureaucrats to weaken environmental standards in the name of reducing barriers to trade and investment. Also, because companies can sue host governments for discrimination and hostile investment laws, the latter have had a reduced capacity to act decisively even in cases where it is clear that the former hastens environmental bankruptcy. In the final analysis, the Africa State has become captive and a passive observer as its environment undergoes systematic degradation.

4. CONCLUSION

This article has attempted to unravel some of the key challenges posed to Africa by the new global economic dispensation. It has argued that contrary to popular beliefs, globalisation is not a new phenomenon but rather the continuation and acceleration of the process of capitalist development and expansion. The phenomenal expansion in the operation of capital in contemporary times has been facilitated by the information superhighway and, most especially, by new global economic institutions and regimes. MAI in particular strengthened the bargaining position of MNCs vis-à-vis host governments and simultaneously crippled the latter in controlling the former.

Globalisation also imparts deep contradictions that place the African state in a perplexing dilemma and which ultimately undermine its fortitude to respond appropriately to the demands of the emergent market economy. Consequently, while some Third World regions such as East Asia benefit through closer integration with the international economy, Africa suffers through marginalisation the full-scale implementation of adjustment policies notwithstanding. Africa's declining shares of ODA and FDI confirm the continent's peripheral but precarious position in the emergent global economy.

The overall impact of globalisation on Africa transcends the economic realm. As argued, African states are increasingly losing control over both domestic and foreign policies to international markets forces and the IFIs. In the light of the gravity of Africa's economic problems and its interminable need for foreign aid, external control of its policies will be enduring. Furthermore, the pressures unleashed by globalisation in the form of debt, unemployment and poverty promote salutary conditions for intra-state conflicts. Paradoxically, this happens at a time when Africa's economies are undergoing systematic weakening. Also, though regionalism and company mergers are becoming inevitable outcomes, the logic of the new orthodoxy poses formidable obstacles for Africa in its efforts to strengthen existing regional markets, let alone establish new ones. Similarly, the pressures from globalisation make it difficult for Africa to take resolute stance on environmental conservation. The environment is frequently traded for hard foreign exchange, which is scarcely enough to pay-off Africa's huge debts. In the final analysis the combined effects of debt and declining importance of its products, pushes Africa further away from the centre of the global economy, a spectre many fear may remain immutable in the foreseeable future.

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