



Introduction

Nowadays, globalisation is a word, a concept or a phenomenon which either rallies public support or evokes opposition or protest — sometimes violent protest. It creeps up in virtually every discourse — be it political, economic, social and cultural. It is a multidimensional phenomenon that has reached the farthest corners of the world. People are either strongly in favour or opposed to it. Opposition, more often than not, manifests itself in violence. Globalisation gives no room for neutrality.

A great deal has been written and said about ‘globalisation’ in recent years — from the political right, from the political left, from business and religious leaders, from international financial institutions (IFIs) and from non-governmental organisations and civil society as well as from the broad mass of the people. The violent demonstrations which have taken place from time to time in different parts of the world, particularly the US and Western Europe as well as in parts of developing countries, are proof of the tremendous impact of globalisation and therefore a force which must be reckoned with. Indeed, all indications point to the future being more dominated by globalisation than it is now. Both its positive and negative impact affects people on both sides of the development divide. However, its impact is devastating on the economies and people of developing countries.

Statements to the effect that developing countries are now increasingly globalised can be misleading because these countries have always been part of the global economy, participating in international trade through exports and imports of goods and services, through foreign direct investment and through loans and aid and transfer of technical know-how and skills. Developing countries are also subjected to the impact of changes in the international economic environment. The bust-and-boom cycles of the commodity markets and the fluctuation in exchange rates, not to mention general business cycles, which always emanate from developed industrial countries affect them. In fact, it can be argued that progress in developing countries has been impeded by their disadvantageous participation in the global economy.

But globalisation connotes more than

being part of the global economy. The term is not limited to economics. It applies to technology, politics, culture and even to moral and social values and ethics. It is also not a one-short-in-the-arm affair: it is a process which has been in the world for about six hundred years and which was given fillip and renewed lease of life at the end of World War II with the establishment of a number of global and multilateral organisations, notably the United Nations, the UN Specialised Agencies, Programmes and Funds and the Bretton Woods Institutions which are all intergovernmental, each with universal membership. The development of transnational corporations has also hastened the process.

The idealism that surged forth after World War II of building a new and better world on the foundation of justice, particularly economic and social justice; of tolerance, particularly racial tolerance and the elimination of racism and racial prejudice; and, humanity, particularly the universal actualisation of the ideal of the oneness of humanity, the dignity of human beings and gender sensitivity led to the development of global norms and values. The *Universal Declaration of Human Rights* on December 10, 1948 began the process of laying down global normative standards. Subsequently many other landmark resolutions designed to establish and govern standards of behaviour and human relations followed. Notable among these are the *International Covenant on Economic, Social and Cultural Rights*, the *Convention on the Elimination of all forms of Racial Discrimination*, the *Convention on all forms of Discrimination against Women* and the *Convention on the Rights of the Child*. All these laid down global norms and global codes of behaviour.

While the world welcomed the growing interdependence and interconnection and people talked about the *global village* and *one world*, it was not until the late 1980s and early 1990s that the word “globalisation” entered the international lexicon and became internalised. What then is globalisation? What are its different dimensions and manifestations? Has there been a similar one developed in the modern history of the world? Why has economic globalisation become so dominant in driving the other forms of globalisation? What are its

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benefits, risks and challenges, particularly to Africa during the new millennium?

What is globalisation?

A precise definition of globalisation is rarely attempted because such an attempt can lead to misleading results — either over simplifying a complex, multidimensional phenomenon or further complicating what is already complex. However, during a preliminary review undertaken in the course of the preparation of this Report, it was felt that some kind of definition should be provided because of the possibility that there may be in Nigeria a sizeable number of educated people, including policy makers, who would benefit from such a definition, however broad. Indeed, the story was told of a Nigerian in a senior executive position who wanted to know when Nigeria would join the globalisation train!

Broadly speaking, therefore, globalisation can be defined as a multi-dimensional process of unprecedented rapid and revolutionary growth in the extensiveness and intensity of interconnections on a truly global scale. Four forces which were unleashed from the 1970s onwards not only launched the process but also accelerated it and turned it into an unstoppable phenomenon. These are:

But the global integration of countries and people has progressed in an uneven and unbalanced manner. By breaking borders, collapsing space and time and expanding opportunities, globalisation has turned the world into a global village, but unfortunately not everyone qualifies for citizenship.

- The breakdown of the exchange rate system in the early 1970s because the Bretton Woods institutions were no longer able to manage the global financial and monetary system. With the United States deficit having become unsustainable, the fixed dollar-gold exchange rate regime was abandoned and this unleashed the forces of escalating interest rates, exchange rates instability and the emergence of the three to fourfold increase in the prices of oil, reflecting not only the creation of OPEC but also, more causally, the long, previous decline of oil prices.

- The revolution in information and communications technologies (ICTs) — particularly fax, e-mail and the internet and electronic communications etc. The ICTs revolution opens the way to massive computerised dealings and unregulated financial flows.

- The resurrection of monetarism and with it the inevitable paradigm shift from Keynesianism and neo-Keynesianism to neo-classical economics of marketisation, liberalisation and privatisation which has led to the emergence and rapid expansion of the global market.

- The end of the Cold War after the collapse of communism and the disintegration of the Soviet Union resulting in the triumphalism of liberal democracy over all the other systems of governance and the attempt to establish a linear link between liberal democracy and liberal economics and consequently foster a world-wide liberal revolution. Thus, the monetarism which spread in Western Europe and North America in the 1980s had, as a re-

sult of pressure from the IMF and the World Bank, through their structural adjustment programmes, become globalised.

In other words, globalisation — i.e. the unprecedented and revolutionary growth in the extensiveness and intensity of global interconnections — manifested itself in sundry forms: in the globalisation of democracy; in a global ideological shift; in global technological revolution particularly through information and communication technologies; in the globalisation of culture; and, above all, in the globalisation of the economy. Indeed, it is the economic dimension of globalisation — the integration of domestic economies with the world economy and the inevitable consequential increase in the economic interdependence of the countries through trade and free factor movements and flows — that is perceived to constitute the heart of the globalisation process.

With this multi-dimensionality, it is little surprising that global integration has proceeded and is proceeding at breakneck speed and with amazing reach. The rapidity of the pervasiveness of the process of a systemic convergence among various parts of the world has been such that the subjective sense of geographical distance has been dramatically changed. In other words, globalisation has resulted in the effective erasure of national boundaries and borders and in shrinking time.

But the process has been uneven and unbalanced, with uneven participation of countries and people in the expanding opportunities of globalisation — in the global economy, in global technology, in global governance and in global spread of cultures. Thus, while the collapse of space, time and borders may be creating a global village, unfortunately not everyone can qualify for citizenship. The rich, the elite, the professional and the highly skilled face low borders but billions of people find the borders as high as ever. They are the recipients of the backwash effect of globalisation while the rich and the elite nations and individuals are the beneficiaries of its spread effect (Box 1.1).

Globalisation of democracy and governance

The end of the cold war provided a historic opportunity for a world-wide liberal democratic revolution. In the view of the Western industrialised market economies, the collapse of authoritarianism and socialist central planning has revalidated the claim of liberal democracy, the doctrine of individual freedom and popular democracy, as an ideology of potentially universal validity. It was the conviction of the North American and Western European leaders of thought that more than two centuries after this ideology first animated the American and French revolutions, it has proved not only durable but also resurgent.

Consequently, the epochal events of the late 1980s and the early 1990s — the col-

lapse of communism and the end of the cold war — gave the West the historic opportunity to globalise not only economic liberalisation and marketisation but also political liberalism and democracy.

Democracy, defined principally as the right of the people to choose their own government through periodic secret-ballots and multi-party elections, on the basis of universal adult suffrage, became mandatory for the legitimacy of every state and for qualifying for donor support, including assistance from the

the constitution and, in particular, to the principle of the rule of law, the due process of law and the separation of power constitute the *conditio sine qua non* of good governance. Good governance also requires an independent and incorruptible judiciary, public accountability and transparency by the holders of public offices. Finally, it is imperative that the constitution must derive from the people and be owned by them. Otherwise, its legitimacy will always be in doubt and its basis for good governance disputed.

Box 1.1

Shrinking time, shrinking space, disappearing borders — but for whom?

Have time, space and borders collapsed the world into a global village? It depends on who you are.

Financial dealers are at the pinnacle of connections. Instant communications, free flows of capital and constant updates from around the world enable money markets from London to Jakarta, from Tokyo to New York, to act as a unit in real time.

Multinational corporations, too, are roaming global markets and integrating production. Cross-border mergers and acquisitions (majority foreign-owned) accounted for 59% of total foreign direct investment in 1997.

Tourists travel more outside their countries — but more than half are traveling from high-income countries.

NGOs on-line can campaign around the world, with their messages traveling across borders in seconds. Through email and media networks, people are giving their support to associations across borders — from informal networks to formal organizations.

High-skilled labour also travels freely in the global village. With internet access in nearly every country, the highly educated are increasingly on-line and in touch around the world. In 1998 more than 250,000 African professionals were working in the United States and Europe. Immigrants with skills in computing technologies are in high demand — in the European Union alone, 500,000 information technology jobs go unfilled because of lack of national skills. The United States offers a special visa to professional immigrants to keep high-tech industries staffed.

Unskilled labour, by contrast, runs up against hurdles. Many families are divided across international borders as a result of the increasingly tight restrictions in the rich countries on immigration of unskilled labour. Millions of people do not even have passports — difficult to get in some countries — let alone the visas required to travel abroad.

The collapse of space, time and borders may be creating a global village, but not everyone can be a citizen.

The global, professional elite faces low borders, but billions of others find borders as high as ever.

Source: UNDP Human Development Report 1999, Page 31

Bretton Woods institutions. Democracy conditionality and cross-conditionality — a phenomenon which cynics have labelled as *donor democracy* — i.e. just enough fair voting and respect for human rights to satisfy the aid donors — emerged, particularly in Africa (Box 1.2)

Good governance is also one of the cross-conditionalities of donor democracy. It requires the development of the skill and capability of utilising political and management power of government for maximising the welfare of the population. It is a process that enables people to utilise collective power to manage their affairs in the most efficient and effective manner and in accordance with their collective needs and aspirations, cultures and traditions. Governance is thus a critical factor in the management of affairs in both the public and private sectors as well as in the civil society.

Since a country's constitution is the primary source of power, authority and legitimacy, it becomes the basic foundation for good governance. Conforming to the provisions of

Good governance is as essential nationally as it is internationally. Intergovernmental policy-making in today's global economy is in the hands of the major industrial powers and the international financial institutions, notably the IMF and the World Bank. Poor countries participate little in the formulation of such policies. More often than not, they are poorly represented in major global negotiations. Consequently, they are marginalised in so far as the formulation and implementation of the new rules governing the global markets are concerned. The democratisation of decision-making institutions at the international level is very much lacking. It receives very little support from those that are pushing and insisting that developing countries should be democratic and that their governance should be good.

Globalisation and culture

The ICT revolutions, with the consequential shrinking space and disappearing borders, have had tremendous impact on different cultures to the extent that there is a growing fear that globalisation might lead the world to end

Poor countries participate little in the process and even much less in global governance and the formulation of global policies

up with a “programmed” *uniformity of cultures* to the extent of weakening existing different cultures or causing them to disappear altogether.

The rise of culture as an economic good has also led to concern on the possibility of denigrating cultural values by commercialising them. Consequently, there is

Globalisation and civil society

In contrast to the concerns and anxiety about the globalisation of culture and the emergence of a “programmed” *uniformity of cultures*, the development of global NGO networks has no doubt opened up opportunities for the civil society to play proactive role in national and global governance. NGOs and community-

Box 1.2

Africa’s nation states and donor democracy

The African state, as invented by Europeans, has been neither deconstructed nor reconstituted. In some places, however, as in Somalia, it has been destroyed. The new elite proclaimed national unity and denounced tribalism; but they soon found, like the imperial powers before them, that manipulating tribal affiliations was essential to preserving power.

It is not just unlucky coincidence that Africa has had such a poor crop of leaders. Leaders emerge from a society and they remain part of it. By personalising power, African leaders have undermined rather than boosted national institutions. The recent apparent spread of democracy in the continent is often a sham...

The state and the president are often viewed as the same thing. Most African presidents make no distinction between their party and the government, using the panopoly of state institutions in their election campaigns... So there are elections in Africa, but little democracy... The aid donors, whose support is essential for African rulers, demand multi-party democracy on a western model. But they have applied it inconsistently. Cynics call it donor democracy – just enough fair voting and respect for human right to satisfy the aid donors. Certainly there would be few elections in Africa were it not for outside pressure.

Yet democracy does not have much to offer Africa. Democracies there are no more stable than dictatorships, and civil wars are just as common. The African ruler funds himself trapped. He wants power and control, but the outside world makes demands about democracy, human rights and good governance, which weaken his position and could cost him his job. If he cannot use the treasury as his private bank account and the police as his private army, he tries to create alternative sources of wealth and power. This is why more and more African rulers are turning their countries into shell states.

*Source: The Hopeless Continent
by The Economist (London)*

a risk of protecting only cultural artifacts – crafts, music, books and films – because they can be sold and bought while neglecting different community traditions and customs. This is all the more so as the world trade in goods with cultural content is growing very rapidly. Between 1980 and 1991 it tripled – from US\$67 billion to US\$200 billion a year and is still growing.

The United States earns more out of the exports of entertainment goods than it earns from the export of computer, aircraft or automobiles. In 1997, Hollywood films grossed more than US\$30 billion worldwide. There is no doubt that the development of monolithic and even invasive techniques of communication and the cultural models that these techniques bring with them, such as identical modes of thought and a common language have led to the ascendancy of a Hollywood-style subculture.

This development gives credence to the fears of a spectre of the globalisation of cultures haunting the world. But such fears ignore the fact that cultures have a resistance and a durability infinitely greater than those of consumer goods. In other words, the power of cultures to resist and even assimilate is often underrated (Box 1.3).

based organisations (CBOs) in Africa have become increasingly effective in playing advocacy role in different areas of human encounter, in maintaining pressure on governments and international agencies and corporations to live up to commitments, protect human right, cancel external debt owed by poor African countries and assist in HIV/AIDS and poverty alleviation.

There is no doubt that, in so far as Africa is concerned, for the democratic process to become vibrant and transformed from donor democracy to people’s democracy, strong and dynamic civil society is imperative. Indeed, the **African Charter for Popular Participation in Development** which came out of the historic ECA international conference on *Popular Participation in the Recovery and Development Process in Africa*, held in Arusha, Tanzania, in February 1990 forcefully asserts that development and transformation in Africa cannot proceed without the full participation of its people. In other words, that popular participation should be seen as the centrepiece in the struggle to achieve economic and social justice.

Globalisation has provided an enabling environment for global NGOs-networks encompassing African countries. Some space has thus been created for African NGOs and CBOs. But a lot still has to be done before they

The collapse of autocratic systems of government at the end of the cold war provided a historic opportunity for a world-wide liberal democratic revolution

can exercise the same leverage on policy formulation and implementation as northern NGOs now do.

The economic dimensions of globalisation

At the centre of the globalisation process are its economic dimensions which have manifested themselves in the emergence of differ-

country products

-subsidisation of agriculture by the North hurts net export of relevant agricultural products from the south

-SAPs which encourage production of commodities that are already suffering from demand and price collapse.

Box 1.3

Resistance and durability of cultures

It is not so obvious that globalisation entails the levelling of culture, even if it transforms them in their entirety, according to the different extent to which these cultures are able to assimilate new techniques or applied sciences. In other words, the applied sciences, and the model of reality that they are a vehicle for, undoubtedly affect those who use or adopt them – but, to what extent? what is it in these cultures that is called into question? and, above all, doesn't a Buddhist or Islamic culture have the resources that would permit it to assimilate external influences that are in many respects rather superficial, without losing its originality – transforming itself, perhaps, but not losing itself? The use of computer does not necessarily lead one to radically call into question one's relations to the cosmos, to one's ancestors, or to one's religion. If this anthropological reading of culture is correct, it obliges us to put our anxieties about the uniformizing domination of globalisation into perspective. In fact, we could go a bit further: might we not anticipate that, after a brief period of bedazzlement and wonder, the cultures affected by globalisation will respond and recover their vitality and their specificity? Let's not forget, for example, that people started talking about the end of culture and of civilisation with the arrival of the printing press or electricity or the automobile. Without being overly optimistic, we should note a remarkable power in humanity to assimilate – an aptitude to bounce back and to adapt – that we should not underestimate, and which is itself rooted in the cultures through which human beings give themselves the means of living humanly in the world. There are enduring features in moral values, modes of thought, myths, and beliefs. These features are not "biodegradable" and are not subject to the world of the *animal laborans* – that is, the world of the constant renewing of life which constantly destroys itself, the world of utility and consumption. The cultural world is never a product of utility or consumption, but comes from the realm of meaning and of freedom.

Source: Paul Valadier, "Modernity, Globalisation and Cultures" in *Notes et Documents*, 59, December 2000, Pages 16 & 17

ent types of global market, the most important and dramatic being:

- *Trade flows* – the share of world trade in global GDP has risen from about 12 per cent in 1950 to 28 percent in 1973 and 52 percent in 1990. These expansions in trade flows have been uneven. The rapid export growth countries are concentrated among middle-income countries while low-income countries suffered, particularly between 1980 and 1991, unprecedented fall in commodity prices. During this period, a weighted index of thirty-three commodities (excluding energy) fell by 45 percent.

- *Unequal benefits of trade* – The unequal benefits conferred by international trade were partly due to the workings of market forces: labour-surplus economies receive poor terms of trade compared with labour-shortage economies.

- *Interventions in the markets* – The situation was further compounded by interventions in the market. Examples are:

- the patent laws which protect returns from new technology so as to prevent market-determined prices, in the interests of technology producers
- uneven trade liberalisation with restrictions maintained on many developing

- *Internationalisation of the financial markets* – The rapid internationalisation of the financial markets as a result of deregulation and computerised dealings more than doubled cross-border equities during the decade of the 1980s. Unregulated financial flows pose many problems, particularly for developing countries. These include speculations, sharp exchange rate fluctuations, unjustified currency depreciation or appreciation etc.

- *Uneven distribution of capital flows* – Huge volume of capital flows resulting from greater integration of world capital markets whose distribution, however, exacerbates the marginalisation and poverty of developing countries as it became a reverse flow from the poor countries of the South to the higher-income countries of the North — up to the huge sum of US\$25.4 billion in 1990. The distribution of private flows also discriminated against developing countries generally and African countries in particular.

- *TNCs dominated globalisation* – The dominance of TNCs in the globalisation process. This very fact contributes further to the marginalisation of low-income countries in the global economy. The TNCs concentrated only on industrialised economies and

However, globalisation has provided an enabling environment for global NGO - networks encompassing African countries.

At the centre of the globalisation process are its economic dimensions — trade, capital flows, global financial markets, technology transfers to name but a few. However, the widely acclaimed benefits are counterbalanced by loss of policy autonomy, financial openness and the intensification of the marginalisation process.

on middle-income countries. Through the promotion of inappropriate consumer products and technology they aggravate the marginalisation and exacerbate the exclusion of low-income countries.

• *International technology transfer* – The growth of international technology transfers represents another dimension of globalisation. Much of the transfer occurs within the TNCs themselves while the remainder is dominated by TNC suppliers. The North-South transfer has tremendous financial costs. In addition, it is affected by the Trade-Related Aspects of Intellectual Property Rights (TRIPS) which came into effect in 1995 under which the World Trade Organisation. TRIPS agreement imposes minimum standards on patents, copyrights, trade marks and trade secrets – all based on what exists in industrialised countries. TRIPS are blocking developing countries from the

• *New rules of globalisation* – While technology is globalising communications, globalisation under its new rules of liberalisation, privatisation and TRIPS has changed technology's path with poor peoples and poor countries' interests being on the sidelines. Scant attention is paid to the knowledge of indigenous people while cultural diversity in creating and sharing innovations is ignored. The result of all these is, as the **Human Development Report 1999** has argued, a silent theft of centuries of knowledge from developing to developed countries.

Thus, the widely-acclaimed benefits of globalisation — a more intensive and extensive integration of the global economy, increased international trade which gives consumers and producers a wider choice of low-cost goods, which often incorporates the more advanced technologies as well as facilitates a more efficient use of global resources and a rapid increase in the flow of capital and private investment — are counterbalanced by loss of policy autonomy, financial openness and the intensification of the marginalisation process.

In addition to globalisation being a force of inequity and marginalisation, it is also a factor in fragmentation – dividing communities, nations and regions into those that are integrated and those that are excluded, widening disparities in income and contributing, as a result of increased global travels, to the spread of HIV/AIDS, and of crime, particularly drugs. The estimated population of drug users of between 200 and 250 million is distributed around the world. There is no doubt that globalisation is a bonanza to crime syndicates and drug peddlers and therefore a threat to human and global security.

Finally, it produces boom-and bust cycles and financial volatility (Box 1.4).

knowledge sector, particularly in areas such as computer software and genetic drugs.

Box 1.4

The concept of human and global security

Human Development Report 1994 presented the concept of human security. Human Development is a broader concept – a process of widening the range of people's choice. Human security means that people can exercise these choices safely and freely – and that they can be fairly confident that the opportunities they have today will not be lost tomorrow. With advancing globalisation, new issues of global security have since emerged, but the conceptual framework from 1994 is still relevant for analysing today's global issue.

Human security has two main aspects:

- Safety from such chronic threat as hunger, disease and repression.
- Protection from sudden and hurtful disruptions in the patterns of daily life — whether in homes, in jobs or in communities. Such threats exist at all levels of national income and development.

Threats to human security

The loss of human security can be a slow, silent process – or an abrupt, loud emergency. Humans can be at fault – with bad policy choices. So can forces of nature. Or it can be a combination of the two-when environmental degradation leads to a nature disaster, followed by human tragedy.

The main threats to human security, differing for individual times, fall into seven main categories:

- Economic insecurity.
- Food insecurity.
- Health insecurity
- Personal insecurity.
- Environmental insecurity.
- Community and cultural insecurity.
- Political insecurity

Threats to global security

When human security is under threat anywhere, it can affect people everywhere Famines, ethnic conflicts, social disintegration, terrorism, pollution and drug trafficking can no longer be confined within national borders. Some global challenges to human security arise because threats within countries rapidly spill beyond national frontiers, such as greenhouse gases and trade in drugs. Other threats take on a global character because of the disparities between countries – disparities that encourage millions of people to leave their homes in search of better life, whether the receiving country wants them or not. And frustrations over inequality – in income and in political power – often build up into serious civil conflicts between groups, whether ethnic, religious or social.

Source: UNDP Human Development Report 1994,

The Age of Empire: The first generation of globalisation

It is important to note again that contemporary globalisation process is part of a historical continuum which began at least some six centuries ago. But the modern globalisation process is generally acknowledged to have been launched during the period 1875 and 1914. Indeed, there is no doubt that it was during the 1880's that the world became genuinely global due to a variety of factors, among which are the following:

- By the 1880s all parts of the world including the so-called dark continent, Africa, had become known and mapped. Explorations no longer consisted of "discovery" but of competition among the few powerful nations to exploit and dominate other lands;
- Railway and steamship had made intercontinental travel a matter of weeks rather than months, except in Sub Sahara Africa, continental Asia and the interior of South America;
- The electric telegraph made communication of information across the entire globe a matter of hours;
- The first part of the period was one of a tempestuous capitalist advance with the concentration of economic and political power in the hands of a few industrialised countries – Britain, Germany, France and Italy – which by 1913 produced 72 per cent of manufactured goods;
- Industrialisation became synonymous with modernisation and the competition for raw materials and markets which gave impetus to and drive for colonisation and thus culminated in the partition of Africa;
- The *Age of Empire* also witnessed the enlargement of the industrial and industrialising sector in Europe, North America and Japan, making the world economy more pluralistic than

ever before. By 1913, USA provided 46 per cent of total industrial and mining output, followed by Germany, 23.5 per cent, Britain, 19.5 per cent and France, 11.0 per cent;

- The international market in primary products grew enormously during this period. Commodity trade tripled but the commodity producing countries which had been integrated into the global economy on an inequitable basis became the victims of the boom-and bust forshadowed during the *Age of Empire* and the first generation of globalisation.

The dual nature of globalisation

It has been argued that globalisation, as too frequently used, confuses two totally different phenomena: the first is the shrinkage in space and in time that the world continues to experience as a result of technological revolutions in transport, communications and the processing of information while the second is the extent to which political economies subject themselves or are subjected to the external forces of liberalisation and marketisation. etisation is a matter of human policy choice.

That having been said, the reality before all countries, particularly developing countries, is that the choice is a Hobson's one as the room to manoeuvre is extremely limited. It is only developed industrial countries that have significant freedom of choice. For developing countries to question the impact of liberalisation and marketisation tantamounts to questioning the potential roles of international trade and, consequently of globalisation as a reality.

As far as three main group of players in the advance of globalisation are concerned, an external liberalisation agenda is imperative for each country to design as its response to globalisation(Box 1.5). The unique attribute of

Globalisation is thus a challenge to the sovereignty of the nation state.

Box 1.5

Globalisation of World Markets and the need for appropriate policies at the community, national and regional levels

The most important implications of the globalisation of world markets, then, are: the pressing need for development of appropriate policies, at national, regional and community levels, for optimal use of the global economy in the interest of national, regional and local human welfare and development; and, perhaps even more difficult, the greatly increased need for improved arrangements for global economic governance.

Given the limitations of our knowledge and the enormous diversity of national, regional and local circumstances, it is difficult to generalise about the former; that, in turn, implies the need for global governance and rules systems that eschew over-harmonisation and 'one-size-fits-all' approaches.

Market forces are powerful, and can be so for good. But, left unchecked, they can yield socially deleterious outcomes...

Markets may be important and market incentives can indeed be powerful, but they are neither all-pervasive, nor do they solve all problems. In their proper context, with appropriate safeguards and institutions, markets and their incentives can do much good. It is also, of course, well-known that great harm can be done when governments try to replace or outdo markets in circumstances where they do not have the capacity effectively to do so.

The trick for society, both at the national and at the global level, is to harness the power of markets in the social interest. That, and not the defence, or attempts at the 'perfection', of markets, through thick and thin, has been the traditional role of the economist.

These and other limitations of the pure market model and market system are not disputed among professional economists, much less social scientists of broader competence. Whatever one may think of a market-driven economy, no one would want a completely market-driven society.

*Source: Gerald Helleiner
Third World Network Features,*

globalisation is its challenge to the sovereignty of the nation state and not merely greater quantitative movements of people, goods and services, and information as it is conventionally presented .

Unfortunately, given the inherent weaknesses of most developing countries, particularly those in Sub-Sahara Africa, this has proved a herculean task. They are pushed by

Box 1.6

The hopeless continent

For a brief moment in the mid-1990s there were signs of improvement. World Bank figures showed a clutch of African countries achieving economic growth rates of more than 6 per cent, enough to lift most of their people out of poverty in years rather than in decades.

At the same time, multiparty democracy spread across the continent. A new crop of leaders emerged. This “new breed” wanted to make life better for all their people by providing basic health care and education. They seemed to understand that peace and good government were essential Democracy and liberalisation seemed to flourish. There was talk of an “African renaissance”.

It was an illusion the cheerful statistics were the result of good rains and bad accounting. Sub-Sahara Africa as a whole had a growth rate of less than 3 per cent in that period (the 1990s), which just about kept step with the rate of population increase. So no one was getting richer.

The figures — to mention the recent crop of disasters and wars — now suggest that Africa is losing the battle. All the bottom places in the world league tables are filled by African countries, and the gap between them and the rest of the world is widening.

Last year, (1999) Sub Sahara Africa as a whole grew by only 2.5 per cent. Most of these countries cannot do better, says the Economic Commission for Africa, because apart from South Africa, Botswana and Mauritius, they lack the basic structures needed to develop. AIDS deaths are rising, especially among the young urban middle class who could bring about Africa’s political and economic revival. The next generation will be more numerous, poorer, less educated and more desperate.

Does Africa have some inherent character flaw that keeps it backward and incapable of development. Some think so. They believe Africa’s wars, corruption and tribalism are “just the way Africa is”, and that African societies are unable to sustain viable states. In the past, outsiders would have described Africa’s failure in racial terms. Some still do. They are wrong, but social and cultural factors cannot be discounted.

Others blame the way the rest of the world has treated Africa, citing exploitation going back to slave trade and Europeans colonial rule. They blame cold-war rivalry for propping up greedy dictators in the first 30 years of African independence, and how they trace the continent’s failure to debt, exploitative trading relations and too-strict demands for economic reform from the IMF and the World Bank.

Neither theory, by itself, can explain why Africa is the way it is. Those who see the continent as the victim of external forces must accept that parts of Asia, too, were subjected to rapacious colonialists and have, within a generation after independence, established viable states and successful economies. Even where they fail, Asian countries do not blame their past imperial masters. Those, on the other hand, who think Africa is self-destructing must accept that failings are not unique. There is tribalism in Bosnia and Ireland, dictatorship in North Korea, corruption almost everywhere. In short Africa’s troubles arise not exclusive to Africa. But their combination is.

Source: The Economist (London) May 13 – 19 2000

the four groups of globalisation stakeholders - TNCs, international banks, financial intermediaries and multilateral international financial institutions — in the direction of an all-encompassing process of globalisation.

Consequently, marketisation and liberalisation must be treated for what they are — interdependent and interrelated with but distinct from globalisation. Of course, there is no denying the fact that the globalisation process is advanced and accelerated by liberalisation and marketisation. If all countries open to the world their goods and services and factor markets, globalisation will proceed fast but each country still has to make deliberate political, economic and social choices to pursue both. Country responses have varied considerably and from time to time, depending upon how strong, dynamic and self-sustaining their economies are.

There is, however, no denying the fact that in this second generation of globalisation, the market has gone beyond just being one of the instruments to achieve economic and social objective. It is currently perceived as the only instrument. Nowadays, markets set the rules. It is this transcendence of markets, its all-inclusive application beyond what had been previously defined as the limits of its jurisdiction that separates the contemporary version of the market from its predecessors.

Africa and the challenge of globalisation

Of all the regions of the world, Africa, being the most underdeveloped and therefore the vulnerable, is the worst victim of globalisation even though it has, through dispossession and exploitation performed largely to the process. It has been manually integrated into the global economy because of :

- the cumulative impact of colonialism
- lack of capacity to comply with a long list of admission requirements to WTO
- lack of capacity to be competitive internationally
- lack of attractiveness to foreign and domestic investment
- the monocultural nature of the economy – virtually all African countries are dependent on one to three raw materials for their export earnings
- high external dependence
- lack of structural transformation and diversification
- lack of a breakthrough in regional and subregional integration
- lack of proactive partnership with the civil society due to lack of popular participation in governance
- failure to be selective in liberalisation, marketisation and privatisation
- debt overhang.

Making good these deficiencies constitute the challenges that face SSA in the years

ahead — the individual countries as well as the region as a whole. Many of them have to be faced by different countries, while others would require subregional and regional approaches. Without fundamental shifts to structural restructuring and transformation, and without a high degree of competitiveness and social discipline, Africa will not be able to significantly alter its disadvantageous position in the world. Its marginalisation will endure.

This **Millennium Human Development Report on Nigeria 2000/2001** attempts an x-ray of Nigeria in all the dimensions of globalisation — political, economic, human, social, cultural and technological. The Report, like its two predecessors — *NHDR 1996 and 1998* — pursues three overarching objectives — analysis, advocacy and a framework for ac-

tion by all stakeholders — the people and their organisations, and the private and the public sectors. Throughout the report substantive links are established with the global human development reports, particularly the 1999 Report whose focus was also globalisation.

There is no doubt that until Nigeria and at least, the other Africa's important economies such as South Africa, Egypt, the Democratic Republic of Congo and Kenya, to mention only a few, are able to cope adequately with the challenge posed by globalisation, the image of hopelessness from which the continent now suffers will persist (Box 1.6). More than ever before, Africa needs to forge its own future. Nigeria, as the continent's most populous nation, and its fourth biggest economy has a historic responsibility which it must discharge.

Of all African countries, Nigeria is among the very few with all the potentials to exploit fully the opportunities of globalisation. As the continent's most populous country and its fourth biggest economy, it has a historic responsibility.