AFRICA IN THE AGE OF GLOBALIZATION

M.H. Khalil Timamy[1]

1. INTRODUCTION

One of the central arguments advanced by thinkers in Africa is that the prevailing global system is part of the problem and not the solution to Africa's growing impoverishment. The neoclassical models of economic change, prescribed for Africa, have embodied measures often disregarded by the very powerful countries that have espoused them in the first place. History is replete with examples of these major players preaching water and drinking wine. The imposition of subsidies and other protectionist barriers against African exports are a case in point. African countries have been instructed to adopt policies (such as devaluation and liberalization) expected to boost their exports and restrict the flows of imports. Yet, the irony was that the architects of the measures continued to prescribe them for Africa's pear-shaped economies even when the results appear to reinforce the fallacy of composition. Further, the diffusion to Africa of monocultural technologies through FDI and other means has led to the conversion of large tracts of biodiversity-rich environments to uniform, homogeneous regions marked by biodiversity erosion and species extinction. In the main, Africa's environmental systems have become ecologically less stable, a prospect likely to promote long-term unsustainability. Moreover, while the powerful states have erected numerous regulatory structures designed to protect the public interest, the African counterparts have been threatened with punitive penalties if similar arrangements are established in their midst. And, last but not least, Sub-Saharan Africa has been compelled to accept a private sector development strategy with a potential to undermine her prospects to acquire and evolve domestic technological capabilities.

What is crucial to remember is that examples such as the ones cited above, which ostensibly pose as odds mathematically arrayed against the Sub-Saharan economies, are too numerous to enumerate exhaustively here. However, suffice it to say that these features represent critical dimensions of the global system which, in essence, projects that system as part of the problem, rather than the solution, to

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[1] **Ph.D.,** Senior Lecturer, Economics Department University of Nairobi and
Senior Policy Research Associate, African Technology Policy Studies Network
Nairobi, Kenya

Africa's deepening malaise. In this regard, the question that arises is whether the WTO-chaperoned globalization drive would unambiguously generate beneficial results to countries in the region. To illuminate on this phenomenon with respect to Africa, the following questions would guide our analysis. Could the process of globalization, as presently but aggressively promoted by the western powers and its institutions, represent just another scheme in a stream of instrumental programs designed to facilitate the West's privileged and spoliatory access to Africa's resources at the least expense? And is it not the case that the West's transgressions against the very conceptual underpinnings of the globalization worldview, the latter steeped in laissez faire theories of comparative advantage and the Darwinist traditions of competitive efficiency and consequent progress, has only served to deepen the conviction that paradigmatic categories have historically been invoked as instrumentally convenient devices to confer respectability and legitimacy to the West's predatory excesses?

In attempting to answer these questions, this chapter will consider the risks that have so far been associated with the dominant form of globalization, one regarded as virulently disruptive and asymmetrically disenfranchising. We shall discuss the implications of the Africa Growth and Opportunity Act (AGOA), and will proceed to argue that the North's refusal to abide by the very principles of economic liberalism which it has, over the years, espoused with paradigmatic neoclassical zeal, gives credence to the view that the globalization thrust is just a euphemism for organised predation. Indeed, the Doha experience, when viewed against the backdrop of blatant protectionist manouvres performed by leading industrialized countries,[2] tends to not only reinforce this perception but also raise it to the unassailable status of defensible concreteness.

Is Africa running away from markets and the global economy?

An issue that has preoccupied many analysts of the African scene has been whether the Sub Saharan region has been experiencing growing marginalisation or whether it is increasingly being integrated into the world economy. In this connection, the question that has arisen has hinged on whether economic reforms, in particular, the measures of liberalisation and privatization, have the potential to broaden the prospects of Africa's integration into the global scheme of things.

[2] Witness U.S.' arbitrary and unilateral tariff action against EU steel exports in mid-2002, on the one hand, and the European Union's (EU) protectionist response against the U.S on the other. Notice also U.S.' brazen overture to extend subsidies to her farmers just when the EU announced plans to begin reducing gradually, and in a staggered fashion, subsidies to its farmers in the wake of initiatives to accommodate new member countries from the former Eastern block.

Reform architects have required African countries to expose their national economies to an open, competitive international environment in a bid to improve domestic resource use and allocational efficiency. Therefore, it should come as no surprise that SAPs complement, if not reinforce, the initiatives by WTO to promote greater integration of many African countries into the world economy. But both these have tended to reinforce the dichotomy of the North-South divide in production and exchange. To a large extent, primary production and resource extracting activities tend to get more entrenched; those that had evolved a promising manufacturing base begin to suffer de-industrialization as trade liberalisation and foreign investment flows take out. On the other hand, the pre-eminently powerful players in the world economy extend their influence by buying enterprises in African countries. They take-over strategic industries such as domestic financial firms, energy and water utilities, airlines, and telecommunications. They succeed in penetrating domestic markets after SAP conditions rip-open third world economies when quantitative restrictions are dropped.

To prize-open these economies further, the U.S. has not only applied unilateral measures against Third World states, but has also compelled other countries (through a variety of punitive measures) to adopt its own domestic policies against trade offenders. The extension of this *principle of extra-territoriality* has raised tensions between the U.S and its allies; in fact, many European community representatives have accused the U.S of flagrantly flouting the WTO rules.

It is indeed true that economic barriers in SSA did not lead to the survival of many industries following the withdrawal of protective shields. This is because the long drawn-out insulation had not resulted in the evolution of competitive industrial and technological capabilities. As will become clear in a later chapter, generating technical change is pivotal if firms are to survive market competition. This is because both technical change and technological progress are productivity-boosting transformations. De-industrialization was thus witnessed in SSA following the introduction of structural adjustment policies because the decades of protection were not accompanied by the kind of technological changes vital for competitive survival. Lall (1995) observes:
"If protection is granted indiscriminately, without regard to the costs of the learning process and the time involved, and is not accompanied by measures to induce firms to invest in technological capability development, the result can be inefficiency, technological stagnation, and waste."[3]

[3] See Lall, S. (1995), *Trade, Technology, and International Competitiveness*, EDI, World Bank, Washington, D.C., p.122.

It should be emphasized that the U.S. has protected its textile and apparel business for decades even though the industries did not qualify as strategic and of vital national interest. Unfortunately, the U.S. cannot see the mote in its own eye. Of course, it took less than a hundred and fifty years for the U.S. economy to become a formidable force in world economic affairs. But because of visionary leadership, the U.S. policymakers worked single-mindedly in pursuit of economic competitiveness. By contrast, however, the protectionist argument used by many African leaders has not over the years been complemented by genuine efforts to realize competitiveness, but rather, has been invoked from time to time to maintain the clientilist basis of patronage politics and economics.

According to the shepherds of neoliberalism, economic reforms were designed to stimulate growth to enable the pear-shaped Sub Saharan economies service their debt. This being the case, they would be need to expose the region to international dynamics, the immediate aim being to nurture structures possessing growth-oriented, efficiency potential. The architects of reforms are convinced that the integration of the African economies into the world economy would promote their productive potential. In an important sense, the advocates of the neoclassical gospel view the globalization process as almost divine in its ramifications in that it is capable of unlocking, and indeed, liberating the energies of participating countries for the wider human good. If this premise is considered sacrosanct, then what specific instruments have reform architects promulgated to facilitate the process of African integration into the world economy?

Together with devaluation, the instrument of liberalization, which entailed the repudiation of trade barriers, was one of the earliest measures the World Bank invoked in its dealings with reform-implementing Sub-Saharan countries. Although there was early resistance to this demand, most African economies succumbed to the Bank's pressure by mid-1990s. Partly out of naivete and partly due to ignorance, African governments implemented the overnight approach largely at the insistence of the Bank. However, many African leaders, fronted by their agents, also moved rapidly to exploit the new opportunities unleashed by a liberalized environment irrespective of the ghastly consequences their actions had on domestic firms and local livelihoods.

The measure of devaluation, while expected to stimulate economic expansion and catalyze domestic diversification of production, has been impressed upon African governments to enhance globalization. By making exports cheaper and imports dearer, an adjusting economy would benefit from an expanded share of the international market and a reduction in the imports bill. The growth of exports and the requisite revenue has been expected to relatively outweigh the losses resulting from

the fall in export prices, in the main, generating a positive the balance for the currency–devaluing. However, these expectations have generally not been realized for much of Sub–Saharan Africa. Mengisteab (1995) has furnished evidence showing that devaluation and the appreciation of real exchange rates have not improved Africa's economic performance and export growth. Secondary, the measure has not corrected the external disequilibria of Sub–Saharan African countries.[4] Devaluation has not been instrumental in diversifying the economies. Moreover, the low demand and price elasticities of Africa's primary products have not improved exports growth in any significant way. Finally, Mengisteab notes that devaluation has in fact aggravated Africa's economic problems since the policy instrument has economic contraction, fuelled inflation, and promoted reverse income redistribution.[5] This has been observed in situations where devaluation has failed to increase export earnings.

In Tanzania, the real exchange-rate was expected to be market-determined as reforms got under way. However, the rate could only hold its own with injections of donor funds. Some observers have noted that exchange-rate system would collapse without these funding flows.[6] In Senegal, the devaluation of the Communacite Financiere Africaine (CFA) in January 1994 led to severe hardships faced by small business. The measure made it more difficult for small businesses to grow. This not only limited their expansion but also dimmed their future growth prospects.[7] Indeed, informal sector operations were burdened by rising costs of food, electricity, and transportation.[8]

In export markets where the demand for goods has been invariably constant, the currency devaluation in an SSA economy has in fact led to major foreign exchange losses. Consider, for instance, the export of coffee. By May, 2001, the prices were at a 30-year low. Over the previous 3 years, wholesale prices collapsed from about US$2.40 per pound to just under 50 cents, again, the lowest in 30 years. Estimates indicate that, in 1998, coffee farmers received 14% from a 100g jar of Nescafe Gold Blend. In May 2001, when the prices plummeted by half, farmers received a mere 7% of the price paid by western consumers. So, a combination of declining terms of trade and currency

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[4] See Mengisteab, K. (1995) "Devaluation: The Response of Export and Imports" in *Beyond Economic Liberalisation in Africa: Structural Adjustment and the Alternatives*, by K. Mengisteab and B. I. Logan (eds.), Zed Books, London, p. 117.
[5] ibid, Mengisteab, 1995, p. 123.
[6] Op.cit., Raikes and Gibbon, 1996, p.301.
[7] See Creevey, L., R. Vengroff, and I. Gaye (1995) "Devaluation of the CFA Franc in Senegal: the Reaction of Small Businesses", *The Journal of Modern African Studies*, Vol. 33, No. 4, p. 682.
[8] ibid Creevey *et al*, 1995, p. 682.

devaluation, on the one hand, and constant demand for primary exports in western markets, on the other, have not generated gains for coffee producers. To put it more succinctly, while the 103 million bags (average annual consumption of coffee) has remained constant, the prices have fallen significantly. However, the falls in coffee prices have not been passed on to consumers. The giant western multinationals involved in coffee manufacturing have retained the phenomenal increases in mark up. Some analysts contend that

"Somebody is making money from coffee, and it is not the farmers. Developing countries captured less than a third of the US$43 billion generated globally by coffee in 1997. The lion's share is captured by the big coffee processing groups such as Philip Morris and Nestle."[9]

For the World Bank and IMF to coerce African countries into devaluing their national currencies in the face of declining terms of trade of, and static demands for, their primary commodities just goes to illustrate how economically fatuous the Bretton Woods institutions are to Africa. Evidently, the devaluation policy has generated record profits for western multinationals and growing poverty for African economies. The confluence of the three forces, namely, devaluation, declining terms of trade, and static export demand, has inflicted widespread misery in the Sub Saharan region. It has been noted that

"In Tanzania, farmers can no longer afford school fees..In Uganda, which depends on Coffee for more than half its export earnings, the price slump has cost it US$190 million—the equivalent of half the amount of debt relief it has received from the west."[10]

That devaluation is not automatically invoked when a currency is overvalued can be gauged from an interesting reaction in Britain in May, 2001, when Prime Minister Tony Blair dismissed the calls for devaluing sterling's against the euro which analysts said was at least 10% above its true value.[11] Blair even dubbed the idea of deliberately weakening the pound as "artificial". The Bank of England's governor, Sir Eddie George, argued that devaluation would stoke up an inflationary fire.

But what was particularly telling was George's attempt *to place the devaluation instrument in context*. He observed that "it would not be in the interests even of the

[9] See *The Guardian* "Burning issue for coffee growers", May 15, 2001, p.28.
[10] Ibid, *The Guardian*, p.28.
[11] See *The Guardian* (2001) "Sir Eddie echoes Blair on "artificial devaluation", May 31, p.28.

internationally exposed sectors of the economy, except in the short-term."[12] In other words, the measure could be applied *relative* to circumstances. But in the West, its invocation would be unthinkable if it endangering the economy.
Yet, from the point of view of the IMF, this idea of placing the devaluation instrument in relative context has not even been an issue worthy of consideration because the neoclassical dogma has been seen as a one-size-fits-all for Africa. Apparently, in the eyes of the IMF, it is doctrinally essential for African countries to devalue their overvalued currencies, even though managers of powerful economies would dub the same "artificial".

What type of globalisation is this, promoted by devaluation and a deepening export drive, that results in a zero-sum game? It is certainly a type of globalisation where the Sub Saharan African countries are fleeced and impoverished, on the one hand, and the western multinationals reap excessively obscene the profits, on the other.

The persistence of large deficits (trade) have normally characterized economies perennially victimized by secular declines in the terms of trade. Such a tendency smacks off mercantilism which the Physiocrats of the 18th century derided as a monstrous system underpinned by the apparently immutable propensity to dispose of goods without desiring to import any from abroad. In fact, many powerful trading nations practice a particular brand of Colbertism which promotes manufacturing production by means of subsidies and tariffs. Witness the United States decision to slap 30 per cent tariff rate on steel in early 2002, and the response by the European Community to impose restrictions on steel from other exporting countries. To them, trade is a zero-sum game even though they vehemently sermonize about the doctrine of comparative advantage. Such a mercantilist conceptualization of interstate commerce seems to be rooted in narrow cosmopolitanism which regards trade as a theatre of economic warfare. There is an implicit fear among trade adherents of the mechanistic model of Darwinism that the potential prosperity of Africa would threaten competitive advantages of the industrialized countries. The staggering impact of East Asia's phenomenal industrial and commercial inroads made on the West's global market shares is still resonating in the corridors of trade planners and strategists of the developed economies.

In view of the above concerns, what *kind* of integration (or de-marginalization) should Africa opt for? It has often been said that Sub Saharan Africa is, in trade terms, an acutely marginalized region. Only about 2 per cent of world trade involves it. The

[12] See quote in Ibid, *The Guardian*, p. 28.

assertion that Africa's poor performance stems from internal constraints rather than global exigencies has received considerable support from traditional quarters, namely the IMF. An IMF report (1996) has argued that Africa's maginalization in world trade has stemmed, not from prohibitive trade barriers erected by OECD countries, but from her pursuit of anti-competitive domestic policies.[13] The report claims that the region has put in place trade and transport policies characterized by an in-built anti-export bias.[14] These have taken the form of inordinately high transport costs which disadvantages Africa's export potential relative to trade with rivals.[15]

While it is true that Africa's infrastructural problems are nothing to write home about, the IMF evidence on this score leaves a lot to be desired. In the first instance, the study indicates that an OECD tariff rate of 0.63 per cent imposed on Sub-Saharan imports is far lower compared with tariffs for *similar* exports from other regions. In this respect, then Africa's tariff *margin* (-2.41) demonstrates, in relative terms, the continent's potential to access Western markets more freely and easily. From this, the IMF deduces that reasons for Africa's trade marginalization lie elsewhere; world trade barriers are not the cause.

Another distorting piece of evidence which the IMF study has adduced to support its trade and transport policies argument, rather than the trade barriers one (with respect to Africa's marginalization in world trade), relates to the comparison of non-tariff ratios[16] of exports from various regions into the OECD market. For exports from all developing countries, the estimated ratio was 16.6; the respective ratio for Sub Saharan Africa was 10.8. Clearly, the relatively lower SSA ratio led the IMF study to conclude that trade barriers do not account for her poor export performance. If trade barriers were a factor here, then developing countries would, in relative terms, suffer even greater trade penalization (16.6). But these ratios seem to mask an important reality, namely, the significance of diversity in the composition of exports from the two respective regions. Obviously, OECD imports from developing countries *as a whole* generally contain sizeable volumes of finished products which are typically subject to relatively higher tariffs compared to primary agricultural and mineral exports produced by Sub Saharan Africa. Average OECD tariffs slapped on developing countries'

[13] See Yeats, A. J., A. Amjadi, and U. Reincke, (1996) "What Caused Sub-Saharan Africa's Marginalization in World Trade?", *Finance and Development*, December, IMF/World Bank, p.38.
[14] *ibid*, p.39.
[15] *ibid*, p.40.
[16] *op.cit.*, Yeats *et al,* 1996, p. 39.

agricultural exports revolve around 15 per cent.[17] Evidently, the marked contrasts in ratios between exports from the two regions would not be surprising. If Africa moves a stage further by processing or semi-processing her primary exports, the new manufactures (or semi-manufactures) would automatically be subject to higher non-tariff barriers. In an important sense, therefore, the IMF study has not been comparing like with like. By ignoring this distinction, the study has rendered itself all the more ridiculous.

However, despite its glaring analytical and interpretive flaws, the study highlights an important issue which Sub-Saharan Africa cannot perfunctorily sweep under the carpet. This is the area of infrastructure development, one that needs to receive serious policy attention. Transport systems have decayed to a very sorry state. There is no doubt that transport costs have risen markedly in recent years. The foreign exchange costs have also increased considerably. These increases have been attributable to sharp declines in investments and a poor record of effective maintenance.

Whether Africa's export competitiveness, and therefore integration into the world economy, stands to gain from significant reductions in tariff and non-tariff barriers in her own backyard remains to be seen. What is almost certain is that such reductions would not broaden Africa's manufacturing capacity, particularly in exports, because the OECD market would slap higher tariffs on any new manufactured exports from Africa.

This marginalization, it is further observed, could be lessened or even reversed if SSAs embrace the market by seizing the opportunities of globalization, in particular, opening up their economies a lot more through liberalization and privatization. But since Africa has been swindled before by being (a) granted ridiculously low prices for her primary exports, and (b) denied opportunities to engage in *value added* semi-processing and processing of her output (through protectionist barriers), she cannot afford to proceed *anyhow* in order to earn the reputation of getting increasingly de-marginalized. If African economies are to experience more integration into the world economy through market arrangements, then it should be *quality* integration. For example, Africa cannot afford the kind of capital liberalization that could lead to stock market and asset price bubbles and crashes that rocked East and South-East Asia in the late 1990s. Open sesame capital liberalization would, if inflows are significant,

[17] See Wieczorek-Zeul, H. (2001) "The Next WTO Round Will Be a Development Round" in *Development and Environment*, No.5, September/October, Frankfurt, p.12.

show that Africa is experiencing de-marginalization. But, what sort of de-marginalizaton would this be if the economies risk facing a cataclysmic financial collapse? If Africa is to safeguard itself from such dire prospects, it will have to forge *regulatory mechanisms*. Pro-market fundamentalists would interpret this as anti-market behaviour. Put succinctly, they would argue that Africa is running away from the market model and is, therefore, continuing to embrace marginalization. It will be recalled that virtually all state interventions of the type invoked by the miracle economies were an anathema to ultra-market fundamentalists. Yet, the initiatives did not condemn these countries to reduced globalization. It should therefore be borne in mind that adhering to *market-conforming* policies of the neoclassical variety are one thing; pursuing *market-augmenting* measures underpinned by pro-active state involvement are quite another. The latter could give the impression that one is not only running away from the market but is also demonstrating fear of the global economy. Nothing could be further from the truth.

Now, does it mean that, simply because the mechanisms are pro-market and globally integrating, Sub Saharan Africa should proceed headlong to embrace them in a bid to demonstrate to her critics that she is neither running away from the market nor fearful of the global economy? African policymakers would be saluted for pursuing unfettered globalisation since this would be interpreted in pro-market circles as a decisive step towards de-marginalization. As has been shown in chapter 8, Africa would stand to lose heavily if she embraces these mechanisms in their present form.

Of course, Africa wants to trade and globalize, but not through mechanisms that condemn her to being perpetual hewers of wood and drawers of water in a world economy. Surely, de-marginalization can stay if it risks plunging Africa deeper into the mire of grinding impoverishment.

It would be a tragic mistake for African economies to accept the view that any integration is better than no integration at all. In truth, many pro-market techno-institutional arrangements and mechanisms have been forged or are being stitched at present) at the global level to foster greater integration between economies. They include: Multilateral Agreement on Investments (MAI), the Africa Growth and Opportunity Act (AGOA), and TRIPs, TRIM, and TREMs under the WTO regime.

But initiatives that carry no prudential regulations would not be worth the paper they are written on given the grave risks of destabilizing turmoil they embody. Look at Boris Yeltsin's Russia, and you will understand the senselessness of it all.

Political elites, domestication of reforms, and incidental globalisation

There is a profound sense in which African countries have not attempted to run away from the market and the global economy. To a large extent, this could be attributed to the corrupt practices of vampire state leaders who had hitherto mounted barriers and regulatory measures to maintain their rent seeking regimes. This kind of global insulation not only weakened many African economies but also impoverished the masses adversely.

This brings us to yet another factor that has hitherto militated against Africa's integration into the world economy. Economic protection is a weapon more widely used by states invariably possessing large public sectors. Those who influence state policy in this regard have normally been the direct beneficiaries of protection, and so efforts to dismantle a protective regime in a system governed by patronage relationships are bound to meet heavy internal resistance. In Africa, protection was an economic inevitability considering the state-centred approach to economy-wide investments and the patronage linkages that characterized governments. This lack of exposure to dynamic competitive pressures of a regional and/or global economy induced a sense of entrepreneurial inertia among the privileged businessmen and women.

Even those enterprises that have operated as subsidiaries of multinational companies have generally had their growth impulses somewhat blunted under an economic regime of protection. Since the public sector has been bloated for political and economic reasons, its overwhelming size has served as a captive market for domestic multinational subsidiaries. The visionless restriction or complete exclusion of imports has thus engendered entrepreneurial complacency, a fact revealed by the absence of product or process innovations specified by these companies. This sense of inertia has been further aggravated by patronage systems as companies tap into the clientilist systems themselves.

The view that marginalisation has characterized Africa's relations with the outside world has been heavily disputed by writers such as Jean-Francois Bayart, among others. According to him, Africa's continued integration has bee effected through mechanisms that have pro-actively captured resources mobilized externally. For instance, the domestication of economic reforms has managed to promote global integration. As Bayart, Ellis, and Hibou (1999) have noted, most reforms have somehow been hijacked and combined with features that have now become part and parcel of the wider political economy of African states. For instance,

"Liberalization measures have been so effectively integrated into the political economy and the particular trajectory of African economies that they have reinforced the very tendencies which they were supposed to counter, including extra-legal developments and the appropriation of economic resources by certain actors for purposes connected with the political and social control of populations."[18]

It has since become apparent that the process of globalization as demonstrably epitomized by the policy measures of liberalization and privatisation have created immense opportunities for vampiristic African leaders to pursue economic accumulation and political centralisation. As observed earlier, these particular aspects of globalisation were initially resisted by incumbent power-holders.

At the outset, it needs to be pointed out that the powers-that-be have generally been hostile to the idea of privatisation in the first place. They have mounted stiff resistance to its commencement. Various devices and filibustering tactics have been invented to delay or put off the program. The leaders seized every opportunity to throw a wrench into the privatisation works. The reason for this resistance stemmed from the realization that the phenomenal financial and political benefits which the ruling elite have been drawing from the state enterprises would vanish overnight. The enterprises had a reputation of being cash cows; not only were their sizeable budgets sources of rent-seeking clientilism, but the enterprises themselves were fertile playgrounds for political patronage and partisan distribution of favours. Clearly, their privatisation would deny the ruling elite vital levers of political control as well as strategic sources of personal economic aggrandizement. No wonder the resistance was so formidable.

However, when globalisation was seen to fit nicely into the strategy of extraversion, most shadow state rulers in Africa began to facilitate its entrenchment. The core underpinnings of this strategy include the recognition that

"…sovereignty in Africa is exercised through the creation and management of dependence..[and]…the reproduction of systems of inequality and domination, as is well illustrated by a study of the liberalization of foreign trade, and of the privatisation of state enterprises…"[19]

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[18] See Bayart, Ellis, and Hibou, 1999, p.70.
[19] See Bayart J-P. (2000) "Africa in the World: A History of Extraversion" in *African Affairs*, No. 99, pp. 228-229.

Bayart (2000) argues that Africa's integration into the world economy, indeed, this being a manifestation of globalisation, has been enhanced by the strategy of extraversion.[20] In fact, donor-driven programmes of privatisation has deepened inequalities and domination as those perceived to be enemies of incumbent power-holders were denied access to corporate stakeholding. The point to emphasize here, however, is that the process of globalisation has accentuated the lop-sidedness of the world system, and that the "…people who manage this unequal relationship with the international economic system are able to derive from it the resources necessary for their domestic overloadship."[21]

At the same time, the process of globalisation has created opportunities for the deepening of dependence. But also crucial to recognise is that globalisation has intensified impoverishment in Africa entrenching the corruption plague in the process. As Szeftel (2000) points out:

“Indeed, Africa’s development crisis has intensified rather than reduced the dependence of the national bourgeoisie on political domain and has increased conflict as rival factions compete for a diminishing pool of resources. Far from arresting the upward spiral of corruption, the economic liberalisation and attendant governance reforms imposed by the donors have sometimes intensified it beyond anything that governments can manage or control.” p. 429.

Such an orientation seems to be cherished by shadow state rulers, for it allows them, through the strategy of extraversion, to mobilize external resources which would then be utilized to enhance their prospects for self-preservation, entrench political domination, and perpetuate unequal and dependent relationships. Therefore, through means fair and foul, leaders of shadow states have domesticated the phenomenon of globalisation to achieve sectionally-defined goals.

In Guinea-Bissau, Galli (1990) notes that the policy of liberalization tended to reinforce rent-seeking behaviour as donor funds and grants were channelled in the burgeoning private sector businesses owned and controlled by the political elite. Rather than favour the actual producers of tradeables, liberalization served as an opportunity for dominant power groups and coalition interests to appropriate the structural adjustment loans. Here, they exploited the *contracting-out* instruments employed by government departments and ministries, the political elite ascertaining

[20] Ibid, Bayart, 2000, p. 241.
[21] Ibid, Bayart, 2000, p. 231.

that the business contracts were awarded to their own private firms or to companies belonging to cronies or trusted political allies.
Therefore, Africa's efforts at de-marginalization should be pursued with caution. Rather than posture to the global gallery of ultra-market fundamentalists, African economies should de-marginalize through *selective integration*.

How genuinely globalizing is AGOA to Africa?

To raving commentators of Africa's de-marginalization, the AGOA initiative represents a significant milestone in the annals of recent U.S.-Africa trade relations. The instrument is seen a move by the U.S. authorities to facilitate the globalization of the relatively poor countries of the African region. The question that arises is whether the initiative embodies prospects to engender a globalization that is equitably beneficial and dynamically empowering. It will be recalled from previous discussions that globalization is not necessarily a positive-sum process; it can just as well lead to outcomes that are virulently disruptive and asymmetrically disenfranchising. What is of interest here is to explore the long terms implications of AGOA on the nature and form of Africa's globalization trajectory.

African exporters of textiles and clothing have come to view AGOA as a gainfully significant arrangement with vast and promising prospects. In fact, some die-hard advocates of purely market-driven economic change have welcomed this initiative on the grounds that it placed considerable emphasis on trade rather than aid. The basis for such optimism has its roots in the frustrating influences of the protectionist regimes occasioned by the Multi-Fibre Arrangement (MFA). This regulatory framework was designed by the industrialized countries to restrict the flows of low-price exports from developing economies. And so, when the U.S. promulgated the AGOA arrangement in May 2000, the textile and clothing industries in Africa greeted the new order with unrestrained glee. AGOA not only promised unfettered market access to African products, but also pledged to support capacity-building initiatives through provision of financial and technical assistance. To exporters, therefore, the move to allow an unrestricted flow of African products into the American economy was phenomenal in its trading significance. But for to also earmark resources to facilitate Africa's exploitation of the American market was, to these same exporters, an icing on the cake. It was also like hitting two significant birds (financial inflows and market access) with one instrumental stone ((the Act). The arrangement appeared to be too good to be true. The whole proposition sounded like a script made in Hollywood.

But is there more to AGOA than what meets the eye? What lies beneath the apparently glittering exterior?

AGOA: rationale, context, and contents

To lead us there, it would be instructive to begin our excursion by first appreciating the objectives and contents of the AGOA strategy. In this respect, we would examine the Act itself both from the point of view of its fundamental ingredients as well as from the essence of the programme's overall context. Before AGOA was ushered onto the scene, it is not as if the U.S. had no clear-cut and coherent economic policy towards sub-Saharan Africa. The attention-grabbing fanfare that characterized its stage-managed announcement in May 2000 created a false impression that the U.S. had hitherto lacked an institutionalized strategy in its dealings with the region. Nothing could be further from the truth. The reality is that successive U.S. administrations consciously articulated robust trade and investment policies that generated far-reaching gains inordinately and asymmetrically in their favour. The exigencies of Cold War politics and the ideological rivalry between the capitalist West and the communist East invariably conditioned the evolution of particular trade, production, finance, and investment policy configurations. Indeed, the massive control exerted by American multinational companies on strategic mineral sectors across Africa, coupled with the overarching support and protection they derived from respective U.S. governments over the decades, demonstrates unambiguously that the U.S. managed a proactive economic policy towards the region.[22] Hence the vigour with which the U.S. jealously guarded--financially, militarily, and otherwise – its gigantic spheres of influence.

Therefore, the seemingly implicit perception of an apparent vacuum existing in U.S.' trade and investment policy towards Africa, a perception definitively implied by the AGOA phenomenon, appears to betray a solid sense of post-independent history.

Granted that the U.S. has managed such an "implicit" economic policy over the years, the question that arises is why her policymakers have decidedly sought to design and articulate a strategy so publicly and explicitly? Is AGOA genuinely viewed by its architects as a recipe potentially capable of generating equitable positive-sum outcomes, or is it simply old wine in a new bottle? Is the phenomenon an expression of a new leaf being turned in the asymmetrical inertia of teleologically structured intercourse, or are conventional strategies, ostensibly responsible for initiating the

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[22] See Nkrumah, K. (1965) *Neocolonialism: the Last Stage of Imperialism*, Panaf Books limited, London.

process of American predominance, being re-packaged in a meretriciously innocuous language to elicit their formal legitimization at this historical juncture in Africa's evolution? In short, what has motivated the U.S. to embark on this course of action with such pomp and ceremony?

According to the Act, the U.S. has forged AGOA to enable Sub-Saharan Africa achieve economic self-reliance. It aspires to promote the region's social and economic development through strategies that place a special premium on market-led arrangements in enhancing stable and sustainable growth. These, AGOA believes, would mobilize and allocate resources efficiently, the end-result being employment growth and alleviation of poverty.

Through AGOA, the U.S. hopes to realize the above by: extending and deepening private sector development; enhancing trade and investments between the two regions; accelerating the processes of globalization and liberalization through significant reductions of tariff and non-tariff barriers, including the financing and creation of free trade zones and regional integration initiatives; and assist in establishing a bilateral trade and investment partnership programme, on the one hand, and a forum for mutual economic cooperation, on the other.
These appear to be sterling aspirations indeed. And taken at face value, no Sub-Saharan economy worth its salt would wish to remain outside the AGOA bandwagon. The fact that the U.S. has pledged to extend support to finance programmes, projects, and/or activities has endeared many an African state towards this grandiose scheme.

AGOA conditionalities and rules of eligibility

But what is the U.S. expecting in return from this mechanism? What are the fundamental requirements to be fulfilled by African countries to secure approval of, and participation in, the American initiative?

Kenya became an AGOA beneficiary in November 2000. By January 2003, 31 African countries had qualified as members of the AGOA family. From this number, it is evident that Africa's responsiveness to AGOA has been high. But the sizeable nature of the AGOA audience has tended to dramatize the apparent virtues of the scheme while masking the breadth of conditionalities which members had to sign to. Interested parties in the Sub-Saharan region would have to satisfy a range of eligibility requirements before they qualify to be members. In the first place, AGOA membership, which would be subject to annual reviews and or renewal, would remain

a prerogative of the United States President. His verdict would be based on assessments of the following:[23]

(1) Commitment to, and quantifiable progress in, implementing political and neoliberal economic reforms.
(2) Establishment of a market-based economy where private sector growth, development, and privatization have registered measurable progress.
(3) Operating a viable and robust intellectual property rights system.
(4) Strengthening and enforcing an intellectual property rights regime and a judicial system that is predictable, certain, stable and consistent.
(5) Institutionalizing systems of improved governance in the administration of justice, protection of freedoms, public access to information, application of the rule of law, and elimination of corruption.
(6) Dismantling of restrictions on investments, including the uniform application of national treatment and "Most-Favoured-Nation" clauses.
(7) Drastic diminution of government interference in the market, including the operation and maintenance of low tax regimes, reduction in government consumption, and constant monitoring of fiscal and monetary policies.
(8) Facilitating the free flow of goods and services and factors of production between the U.S. and Sub-Saharan Africa.
(9) Enhancing joint venture investments between U.S. and Sub-Saharan regions.
(10) Expanding production and investments in non-traditional exports.
(11) Improvements in standards, testing, labeling and certification, and government procurement.
(12) Discernable progress in poverty eradication.
(13) Enhancing the role of women in economic change.

In addition to the above imperatives, the U.S. President would seek to know whether a Sub-Saharan economy has structured its tariff regime according to the regulations specified by the World Trade Organization. Besides, his annual assessments and evaluations would not only determine whether an AGOA member has complied with binding WTO obligations, but would also verify the depth and seriousness of that member in seeking WTO membership. Moreover, his decision would also be influenced by the candidate's degree of compliance with the conditionalities imposed by the International Monetary Fund (IMF) and other international financial institutions.

[23] See the AGOA Act.

AGOA's conceptual framework and paradigmatic underpinnings

From a cursory glance of AGOA's eligibility requirements discussed above, it is crystal clear that the scheme is rooted in the neoclassical paradigm of the Walrasian variety. It is a framework profoundly inspired by the laissez faire traditions and underpinned by an ultra-market liberal ideology. Such a conceptual worldview believes in the unadulterated supremacy of market forces in determining resource allocation in the spheres of production, trade, finance, and investments. Proactive interventions by states are regarded as acts of sacrilege to be condemned roundly. As such, the idea of effecting policy measures to generate domestic technological capabilities is an anathema in neoclassical circles. This position is advanced with ideological vehemence even though there is overwhelming evidence that market forces alone lead to the underdevelopment of technological capacity.

Paradoxically, the neoclassical principle of allowing an unfettered regime of free market forces to operate has been honoured more in the breach than in its observance in the very industrialized countries preaching the neoliberal gospel. All manner of anti-market behaviour have characterized the histories of the so-called market economies. Cases of such market evangelists preaching water and drinking wine are infinite.

AGOA is a regime of market fundamentalism *par excellence*. Market extremists regard markets as sacrosanct devoid of any flaws or distortive deficiencies. Even if these occur, they should not give anybody sleepless nights since the institution has the power to correct itself. In fact, any state intervention would, say the market fanatics, make the situation move from bad to worse. Such a belief stems from the conception that the market is infallible.

Yet, welfare economists have furnished incontrovertible evidence of the wide-spread prevalence of *market failure*. The existence of externalities, public goods, natural monopolies, etc. point to the need for governments to intervene to correct distortions engendered by market failure. Left to their own devices, market forces have had the tendency to sustain or even deepen inefficiencies. It is for this reason that the significance of public policy looms into relevance. And technology policy is but a subset of that crucial sphere.

In its very essence, technology policy refers to the *deliberate* and *proactive* manipulation of government resources (taxes, expenditures, interest rates, etc.) in order to influence the rate and direction of technological change in an economy. If

well conceived, designed, and implemented, a technology policy framework has the enormous potential of augmenting market processes rather than subverting them.

That public policy in general and technology policy in particular have a strategic role to play in shaping the evolution of societies can be gauged from glimpses of the so-called market economies themselves, past and present. Cases of proactive state intervention by governments in the market economies are available in profusion. U.S.' blatant action to slap a 30 percent tariff on European steel imports in mid-2002 demonstrates the duplicity of America's *laissez faire* evangelism. Clearly, the deafening crusading efforts by the industrialized countries in espousal of free trade and globalization appear distinctly hollow when the facts of their reality are brought into sharp relief.

A cursory glance of numerous AGOA provisions suggests that its spirit would be violated if a member fails to make continual progress in the sphere of economic and political reforms. For instance, a state's failure or reluctance to pursue free market policies such as the liberalization of agricultural markets, on the one hand, and/or the promotion of domestic food security through trade means, on the other, could disqualify a candidate.

AGOA's position with regard to *trade in services* has huge implications on Sub-Saharan economies. The mechanism not only asks AGOA members to participate in WTO discussions on services, but also expects them to revise their existing schedules to conform to WTO requirements. It also expects them to advance further commitments in this regard, noting that *competition in the services sector* needs to be fostered by encouraging the removal of tariff and non-tariff barriers.

Interestingly, the U.S. had decided to offer market access to textile and clothing products from Sub-Saharan AGOA members not because it was inspired to do so by the dictates of economic liberalism and/or principles of free market, but simply because the total Sub-Saharan exports to the U.S. market represent less than 1 per cent of all textile and apparel exports into that market. The Act went further and argued that even if the annual growth in Sub-Saharan exports rose to represent 3 per cent of total U.S. imports, the African region would not constitute a threat to U.S. jobs and manufacturers for at least a decade or so. Such a prospect i.e. the region's limited potential and projected lack of competitive threats against this sector, was, ostensibly and incontrovertibly, the principal reason behind U.S.' decision to grant Sub-Saharan Africa unrestricted market access for her textiles and clothing exports.

It is worth belabouring this point because AGOA is studded with countless provisions that oblige Sub-Saharan Africa to institutionalize market-led development through private sector growth and by allowing market forces a free reign. On numerous occasions, the Act underscores the need to liberalize markets and reinforce globalization. Indeed, the notion of free trade and its instrumental significance in the global scheme of things is repeated with passionate religiosity throughout. Yet, in the Act's own admission, this principle has not constituted the conceptual backdrop to informing the AGOA rationale. Nowhere have the architects of AGOA revealed their true colours than in this jaw-dropping instance of making an incriminating Freudian slip.

Against this background, the question that arises is whether AGOA would reduce itself to paradigmatic irrelevance once the region's technological capabilities in the textile and apparel sectors evolve to competent levels sufficiently strong to cause market disruption in the United States. Would the U.S. commit the AGOA framework to consuming flames because growth of dynamic technological capacities in Africa would have driven it to operational obsolescence? If AGOA, with all its neoclassical assumptions, perspectives, and underpinnings, is only a credible device when Sub-Saharan exports pose no real threat to United States consumers, workers, and textile manufacturers, then it would be legitimate to argue that its architects have not been driven by deep-seated neoclassical convictions; rather, their espousal of the free market model suggests that the neoclassical framework is a paradigm of convenience through and through.

2. CONCLUSION

From the foregoing, it is abundantly clear that Africa has subscribed to a scheme underpinned by a free market ideology which the U.S. itself violates with impunity and without any qualms of conscience. But the very *laissez faire* based conditionalities of AGOA which the U.S. has embedded will only be flouted by African beneficiaries at their own risk. The limitations of the market framework, on the one hand, and the strategic significance of public policy, on the other, would not be arguments that Africa can invoke to justify the use of interventionist strategies as the market economies have countlessly done in yesteryears and continue to employ in contemporary times. What is good for the goose has certainly not been regarded as fit enough for the gander. In this respect, the U.S. has no moral authority to preach to Africa the seeming anthropomorphism of the free market and the free trade doctrines given its record of sinful conduct. Yet, these very dimensions, which will undoubtedly

constrain Africa's capacity to evolve domestic technological capabilities if the technology policy option is foreclosed, will be invoked by the neoclassicaly transgressive U.S. to ensure the continued inertia of existing global dynamics.