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AFRICAN CHALLENGES IN ACHIEVING GLOBALIZED ECONOMIES: FROM A TROUBLED PAST TO A PATH FORWARD

Nicholas M. McAdams, B.S.
Mentor: Professor K. Uchimura, Ph.D.

ABSTRACT

Africa has a long and troubled history. The roots of many of the current struggles faced by Africans were placed in their continent’s difficult past. The lasting effects of slavery, unequal trade, and colonialism have impeded the advancement of government, education, socio-economic structures, and technology. Decades after the continent’s independence movements, many African states are in disadvantaged positions within the global marketplace, or absent from it altogether. This thesis will examine the historical evidence of a deprived continent and conclude that exploitation by colonization, absence of resource diversification, and lack of effective leadership have created a conflict-filled region that struggles to integrate into global markets. Despite its past, there are still prospects for achieving a greater presence in the globalizing economies of the world but Africans cannot achieve this alone.
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INTRODUCTION

Much of continental Africa has faced significant challenges in realizing the benefits of a globalized economy. This is not to say that Africa has been ignored by the international community or that Africa has not been a participant in trade and development. Africa’s challenges, among others, are in capitalizing on its rich natural resource base to enhance its role in a globalized world. Far too often—and for too many years—Africa, its people, and its resources have been exploited by others in the industrialized world.

Africa faces some of the most formidable development challenges in the world. Many of the current challenges, both domestically, and with the outside world are directly or indirectly related to Africa’s rich but sometimes troubled past. The first chapter of this paper examines Africa’s regional history from the periods leading up to and including the slave trades. Although a slave culture already existed in Africa with the Trans-Saharan slave routes, the European and colonial trades not only had a significant and long-lasting effect but they also were harbingers of things to come. Also noted are the nontrivial roles of Africa’s ruling class during the era of Atlantic
slavery. The imperial powers’ “scramble for Africa” and colonialism in the nineteenth century not only inhibited the African continent but also left it underdeveloped and unprepared for the world when its states started to achieve their own independence. With special analysis of the histories and economic evolutions of Ghana and Nigeria, the case is made that this difficult past has damaged Africa’s economic development and put most of the continent in a disadvantaged position in the globalized world.

This study also applies a working definition to the term “globalization,” develops analyses of the advantages and drawbacks of this phenomenon. While there are recognized benefits to integration into the global economy, these are not achieved equally by all states and there have been winners and losers. Globalization is most often associated with the potential economic impacts but there are also socio-cultural, political, and technological dimensions. The inability of African states to fully integrate into the global economy has placed them further behind the wealthy nations while they watch other lesser-developed economies and historically poor states become emerging economies.
Another challenge facing African states has been migration. This migration includes inter-African migration driven by labor and resource shortages and emigration from Africa to other parts of the world. Specifically, the departure of Africa’s highest skilled and most educated has produced a “brain-drain.” Africa’s manpower has become substantially diminished in both size and ability. The “brain-drain” has implications for the countries of origin and the destinations. This paper provides an examination of the dynamics of Africa’s “brain-drain” by analyzing the motivations of those leaving and the resulting impacts on African states.

This paper also pays special attention to explaining the African struggle to achieve globalization. The continent has faced significant challenges to its advancement. These challenges have been foreign, domestic, economic, and geographic in origin. Some have been remnants of colonialism while others are homegrown. Some have been outcomes of the actions of the international organizations and aid institutions some intentional and others inadvertent, but the results have come to characterize the marginalization of the world’s undeveloped states. Why have other regions been able to take advantage of that which
Africans haven’t? Once again, special attention is paid to the cases of Nigeria and Ghana and, specifically, their reception and application of foreign direct investment (FDI).

Finally, this paper tries to look into Africa’s future and poses a number of questions. Most importantly, and in spite of the significant problems and challenges faced, what must be done for African states to be able to integrate into the global economy? To be sure, much of the onus is on Africans, themselves, but there are significant contributions that the international community including multilateral organizations can make. Examined are numerous and significant economic indicators of Africa’s relative economic position and potential for expansion, and the investment climate. Also considered are indicators of advances and utilization of technology, communications, and infrastructure. Other regions have been able to gain control and improve their economies. This paper submits that African can as well.
CHAPTER 1

A TROUBLED PAST

The African continent has a rich but tumultuous history. This chapter considers the modern portion of the continent’s history—covering the previous several hundred years. Understanding the past struggles and exploitation of the African people allows us to not only better understand the past but also recognize that some of the issues facing these states for hundreds of years have been forerunners for many of the troubles they face today.

Africa was once known as a “land of milk and honey.” Agriculture and food production began on the continent around 5,000 years ago.¹ Maize and cassava were first grown in western Africa but as people migrated to other parts of the continent, so did their agriculture. Much of the continent is also home to numerous natural resources including wood, fruits, and freshwater fish. Discovered later, Africa is also rich in gold, diamonds, platinum,

numerous other minerals, and even oil.² For much of its pre-colonial history, though, Africa’s primary export was human labor–slave trading. Paul Lovejoy estimates that during the Atlantic slave trade between 1450 and 1900 more than 11 million African slaves were exported to parts of Europe and the Americas. This figure was derived primarily from W.E.B. DuBois’ database of slaving voyages. More importantly, it led to slavery, servitude, and the general idea exploitation becoming embedded in Africa’s social and economic formation.³

Five hundred years ago, the civilized world—consisting mainly of Europe, the Middle East, and Asia knew very little about sub-Saharan Africa. European explorers knew of the vast continent as an impediment to a direct route to the Indies. There were occasional excursions along the coast and African port sites—most notably those dispatched by Portugal’s Prince Henry the Navigator—but most of the interior of the continent was a mystery. It would remain a mystery, for the most part, until the development of the

² Jenne Mannion, “Africa’s natural resources are a potential gold mine,” The Independent, July 1, 2006.

Atlantic Slave Trade. During the second half of the fifteenth century, slavery was still common practice in Europe; just as it had been in almost all other civil societies throughout history up to that point. Similarly, slavery also existed in Africa at that time, just as it had for hundreds of years. In his work, “The Atlantic Slave Trade,” Herbert S. Klein points out that “with no all-embracing religious or political unity, the numerous states of Africa were free to buy and sell slaves and even to export them.” This led to the development of caravan routes all across the Sahara Desert and, with the expansion of Islam, Islamic merchants became heavily involved in the international trade and export of African slaves. Klein estimates that between A.D. 800 and 1600, as many as 10,000 African slaves were exported annually as part of this international slave trade. At least six major and interlocking routes made up an extensive transport system for the forced migration of these African slaves, most of whom were women and children. The use of women and children as forced workers, in addition to the also supported a lively internal slave market within Africa. The primary

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uses of slaves on Africa were domestic and social which made for an even stronger bias toward women and children. Klein estimates that during this period—well before the onset of the Atlantic Slave Trade—3.5 to 10 million Africans were forced out of their homelands and into migration and slavery.\textsuperscript{5}

At the onset of the Atlantic slave trade, during the early part of the sixteenth century, the social and economic structures of most of Africa were fairly well developed. Agricultural communities were productive and the land’s resources were being cultivated by settled populations, all while the aforementioned intra-continental slave trade still flourished. This remained the case during the early stage of the Atlantic trade because the impact on African slave markets was limited. Klein estimates that, initially, the Atlantic slave trade took only about a quarter of all slaves leaving Africa and was still significantly smaller than even the trans-Saharan slave trade.\textsuperscript{6} Other African resources, including gold, ivory, and pepper were initially seen as the most valuable exports. As

\textsuperscript{5} Ibid., 9.
\textsuperscript{6} Ibid., 56.
economic and geographic expansion continued in the Americas, so did the European desire to capitalize. The Atlantic slave trade began to grow and grow in order to meet these demands. What started out as 800 to 2000 slaves per year being taken in the Atlantic slave trade rose to as much as 75,000 to 80,000 per year during the late 1700s.\(^7\) Still, the European and American demand rarely exceeded the African supply of workers. Not only did this help keep the price of these slaves down, according to Klein, but it also limited the raiding and pillaging of African communities by the Europeans, though some still occurred. Another source was the result of the widespread African conflict. Klein explains that “the wars among the Africans were caused by local political, economic, or religious conflict among competing peoples.”\(^8\) A by-product of this warfare was the male population of the defeated was then forced into migration market and often ended up as slaves and sent to the Americas. In all, Klein estimates that America was the market for as many as nine to ten million African slaves during the European-controlled Atlantic slave trade. When the slave trade ended, after nearly 500 years, not only did

\(^7\) Ibid., 57.

\(^8\) Ibid.
it not signify the end of slavery in Africa, it also did not signify the end of outside exploitation of Africa.

In addition to orchestrating the Atlantic slave trade, Europe already had some history of trade relations with Africa. The unfair and exploitative African trade relations that still exist—and will be studied in a later section—are merely ongoing from many previous imperialist generations. Author George Klay Kieh describes that “from their inception, Afro-European relations were conducted under a framework of unequal exchange and exploitation.”

Africans of all classes were enamored with the colorful products possessed and offered by Europeans if for no other reason than they were so accustomed to only seeing raw materials and not the end products. They obliviously traded their more valuable and highly operational raw materials for basic—and often cheaply produced—European consumer goods. This “system of unequal exchange” was driven by the Europeans’ ability to “cajole and deceive backed by their reliance on their home countries’ repository of force.”

While enjoying the economic benefits of this unequal

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10 Ibid.
system, the Europeans also recognized that this meant Africa had much to offer in the form of human capital. According to Kieh, the Europeans “established a diabolical slave system replete with the trappings of cruelty, barbarity, exploitation and abuse as the *dues ex machina* for obtaining cheap labor from the continent.” Of course, the slave traders focused on the most physically capable Africans, impacting the young labor population in ways not greatly dissimilar to the more modern emigration and “brain-drain” issues to be discussed in a later section. Many African slaves were kidnapped, coerced, or forced into the slave trade but the Europeans also had help from inside Africa; another recurring theme to the ongoing struggles of African states. Under “purchasing” arrangements, Africans were “sold” as slaves to Europeans by African political elites. “Selling” slaves became a lucrative industry within Africa.\(^{11}\) Nigerian-born slave Olaudah Equiano, who later became a pioneering anti-slavery abolitionist was able to spread his personal account of these practices in his autobiography, *The Interesting Narrative of the Life of Olaudah Equiano*. In his book, Equiano describes being

\(^{11}\) *Ibid.*
kidnapped as a young boy and traded amongst slave trades within Africa before being shipped to the West Indies and ultimately, the British colony of Virginia. Only after serving multiple masters for several years—and earning his education—was Equiano able to buy back his freedom. His work became a seminal effort in the abolitionist cause and was one of the earliest publications of a black African writer.\textsuperscript{12} Compounding the idea of the exploitation of Africa’s human labor, professor and author Patrick Manning describes the slave-trade as “corruption: it involved theft, bribery, and exercise of brute force as well as ruses. Slavery thus may be seen as one source of pre-colonial origins for modern corruption.” Manning’s assertion is that it was not just a one-sided mandate of New World merchants that dragged Africans from their homeland and forced them into labor. Also party to the trades were native African monarchs and tribe leaders who received goods and materials in return for slaves. Even more directly, Manning attributes some of Africa’s own “centers of manufacture and culture” such as Kano, Nigeria,

\textsuperscript{12} BBC History, “Olaudah Equiano,”
http://www.bbc.co.uk/history/historic_persons/equiano_olaudah.shtml
(accessed March 20, 2012).
to forced slave labor. The slave trades included shipping thousands of Africans to parts of Europe and to European colonies in the Americas.

The well-established unequal exchange system and the slave trades proved quite valuable and the Europeans next logical step was to formally colonize Africa. The British, the French, and the Dutch had success in colonizing southern Asia and even parts of the Americas and so began a “Scramble for Africa.” The scramble or “race” for Africa was the invasion, occupation, colonization and annexation of African territories by European powers during the New Imperialism period during the mid-late 1800s and the early stages of World War I. As a result of the heightened tension between European states in the last quarter of the 19th century, the partitioning of Africa may be seen as a way for the Europeans to eliminate the threat of a European war over Africa. Competition for African territory led the

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various colonial and imperialist European powers to develop a framework that would regulate the process by which the colonialists annexed the continent’s land. Arbitrary lines were drawn, borders contrived, and any resistance was met with force. Author Kieh cites Claude Ake’s *Democracy and Development in Africa* as providing a summary of the totalitarian colonial state.

The colonial state redistributed land and determined who should produce what and how. It attended to the supply of labor, sometimes resorting to force labor; it churned out administrative instruments and legislated taxes to induce the breakup of traditional social relations of production, the atomization of society; and the process of proletarianization. It went into the business of education to ensure that workers could do the jobs they were required to perform and would remain steadfast in the performance of their often tedious and disagreeable tasks....Indeed, it controlled every aspect of the colonial economy tight to maintain its power and domination to realize the economic objectives of colonization.

Despite the brutality and inhumanity, Africans never wavered in their pursuit of independence from colonial rule. African independence movements against the backdrop of colonialist economic devastation during and after World War II; and the shift in global power to the United States and Soviet Union are reasons that “forced the imperialist powers to give up their respective colonies,” including Ghana and Nigeria who achieved independence in 1957 and
1960, respectively. However, although colonialism was ending, the imperialist powers still wanted control. Author Pius Okigbo argues that “having lost direct authority...the colonial powers sought to retain colonial control through a series of undeclared protocols: economic and political ties and traditions linking the colonial territories to the metropolis....”\(^{16}\) Once again, corruption within Africa aggravated the situation. Kieh observes that “with very few exceptions, the newly emergent ruling classes within the various African states failed to deconstruct, rethink, and democratically reconstitute the colonial state.” Instead, says Kieh, “they adopted the colonial state in its neo-colonial incarnation.”\(^{17}\) As we will see during later discussion, Africa was victimized in the name of global development. However, it was not the Africans who benefitted. African human and material resources were taken from them and used to foster development in imperialist countries in Europe and the Americas. Significant to note, is the complicity taken on by many African ruling classes,


\(^{17}\) Kieh, Africa and the New Globalization, 6.
which directly contributed to this devastating and unpropitious period of underdevelopment in Africa.

The “decolonization” of imperialist rule in Africa—along with the mostly unrelated but significant fall of communism—more or less left much of the African continent to its own devices. Most of the continent was not prepared for this. Not only were they unprepared from an intellectual standpoint, they were also ill-equipped from a resource perspective having built up and relied on a distorted monoculture economies under colonial rule. Professor F-K Omeregie cites author and activist Walter Rodney’s analysis that these colonial relations of production—and the economic and political contradictions—are responsible Africa’s underdevelopment. In his most-noted work, How Europe Underdeveloped Africa, Rodney describes colonialism as a “one-armed bandit,” and places the blame for the underdevelopment of Africa on colonialism.\textsuperscript{18} According to Rodney, writes Omeregie, “colonialism laid the roots of neocolonialism in Africa by creating Africa’s economic dependency on the international

capitalist system.” He also adds that the introduction of International Trade Commodity (ITC) exchange and other capitalist relations of production and distribution created this dependency and “that ‘previous African development was blunted, halved and turned back’ by colonialism without offering anything of compensatory value.” ¹⁹ In some cases, this colonialist imposition to exploit the region’s agricultural advantages did little to prepare to diversify African economies or export abilities. Author Gareth Austin cites considering Ghana’s long and rich economic history in cocoa, the British government was acting on their own self-interest when they supported African investment in export. However, argues Austin, “colonial rulers, partly because of fiscal constraints as well as a probably realistic assessment of the short-term economic prospects, did little directly to prepare the economies to move “up the value chain.” ²⁰ Therefore, the result was an economy—one of many in Sub-Saharan Africa—which was “short of educated labor

¹⁹ Ibid.

and sufficient (and sufficiently cheap) electricity to embark successfully on industrialization."\(^{21}\)

Also important to recognize are the unsettled issues facing the continent internally. States, occupying arbitrary borders and ideologically diverse neighbors weren’t sure how to proceed with prudence. Ethnic and religious differences along with language barriers stemming from the imperialist rule left a fragmented and disconnected continent particularly in the Sub-Saharan regions. It’s important to distinguish that before, during, and post-colonialism, the rural southern African states have been much poorer and less developed than most of the countries in the North. The northern countries were closer to Europe, located near water—the Mediterranean and the Nile—and were therefore more economically stable and more industrialized. Given that disconnected nature of the continent and the non-trivial remnant of imperialist authority the exploitation and underdevelopment of much of southern Africa persisted. This endurance was often veiled in the name of inter-continental globalization.

In his essay, “Globalization: The Politics of We and Them,” professor Osita Agbu further investigates this

\(^{21}\) Ibid.
important distinction between the poorer and developing countries in the South and the more industrialized wealthier countries in the North. The primary argument is that globalization created dichotomy within Africa that tolerated marginalization, distrust, and insecurity amongst African states. Agbu contends that—in the case of Africa—“globalization is not necessarily powered by the invisible hand of the market, but rather by forces behind the scene, by political calculations and expediencies, and by interests that do not hesitate to use political instruments and institutions to attain their goals.” In short, while it can be a positive phenomenon, those reaping the benefits created by globalization often do so at the expense of “disadvantaged societies.” To this end, we’re able to see that many of the precedents set by the slave trades and the subsequent period of colonization not only fractured and weakened relations within Africa but also set the stage for disadvantageous positioning for the undeveloped parties. They have been unable to capitalize on globalization and foreign trade the same way as other developing nations.

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More specifically, they have continued to be exploited and economically hindered not only by foreign relations but also internally. Agbu cites Berch Berberoglu’s “Globalization and its impacts on the Third World” to argue that globalization actually “accentuates class, regional, national, and local inequalities and that it increases disparities in wealth, resources, and power.”23 Additionally, and as are examined later, other foreign agencies—with the help of rogue African governments—also partaken in the exploitation of continental resources (e.g. transnational corporations (TNCs)). With respect to globalization and Africa, the consensus seems to be that results have been mixed at best, but no doubt transformational. Globalization has caused, promoted, or escalated the marginality and crisis for many Africans, especially as they search for their own identities within the context of a globalized world. Africans need to find a way to stem these crises if they are to be truly liberated and viable participants in the world economy.24

23 Ibid., 14-15.

With more than 50 independent states on the continent, past-and current-troubles have affected nations differently. While the whole of Africa continues the escape from its troubled past, individual states are doing the same. For a variety of reasons, African nations have had diverse reactions to globalization. Later in this work, we will take a closer look at the specific cases of Nigeria and Ghana, their search for and participation in the globalized world and the results. First, however, it’s important to identify the distinctly different yet challenging paths each of these countries has faced to get to that point.

Nigeria is often considered the poster-child for African post-colonial development. It is Africa’s most populous nation and had over 50 years of independence. It is furthermore one of the most economically advanced, and was identified as one of the “Next Eleven” economies by Goldman Sachs investment bank and economist Jim O'Neill as having a high potential of becoming, in addition to Brazil, Russia, India, and China (BRIC), the world's largest economies in the 21st century.\textsuperscript{25} Nigeria’s future potential

notwithstanding—and there are certainly those who remain skeptical—its past is riddled with as much turmoil and conflict as any other African state. The focus on Nigeria as one of the African state case studies will be on its performance and stability as an independent nation but it is important to also have an understanding of its colonial roots. Nigeria, and much of western Africa, were key areas in the establishment of the Atlantic slave trade. By the time the Europeans started shipping thousands of African workers to the New World, much of what is present-day Nigeria was already a well-developed trading area and included numerous coastal urban settlements that supported major fishing and shipping industries. With already established trading relationships with Europeans, this region of Africa was not seen as a significant resource of human labor so only a relatively small number of slaves were taken from there. The Atlantic slave trade of Nigerian peoples all but stopped once the region was officially under colonialist control around the year 1800. Shortly thereafter, in 1807, the Houses of Parliament in London

26 Klein, The Atlantic Slave Trade, 63.
enacted legislation prohibiting British subjects from participating in the slave trade.

Nigeria’s colonial and post-colonial history abounds in conflicts. These include conflicts that are ethnic, religious, and/or regional, and the more complex conflicts involving more than one identity known as ethno-regional, ethno-religious, and ethno-cultural conflicts. Ethnic conflicts are those whose origin is based on ethnicity which, according to Eghosa E. Osaghae and Rotimi T. Suberu from the Centre for Research on Inequality, Human Security, and Ethnicity (CRISE) is considered the most basic and politically salient identity in Nigeria. Both in competitive and non-competitive settings, Nigerians are more likely to define themselves in terms of their ethnic affinities than any other identity. Osaghae and Suberu cite the 2000 survey on “Attitudes to Democracy and Markets in Nigeria,” which states that ethnicity “is demonstrably the most conspicuous group identity in Nigeria.” The survey also found that almost one-half (48.2%) of Nigerians chose to label themselves with an ethnic identity, compared to

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almost one-third (28.4%) who opted for class identities, and 21.0 percent who chose a religious identity.\(^{28}\)

Essentially, according to Osoghae and Suberu, nearly two-thirds of the Nigerian population see themselves as members of primordial ethnic, regional, and religious groups. Additionally, religious and ethnic identities are more developed, more holistic, and felt more strongly than class identities. Not surprising say Osoghae and Suberu, when taking into account that “ethnic formations are perhaps the most historically enduring behavioral units in the country, and were further reinforced by the colonial and post-colonial regimes.”\(^{29}\) Osaghae and Suberu further contend that the prevailing Nigerian identities have been “enormously shaped by the colonial experience, which created a culturally artificial and divided Nigerian state but did very little to nurture a unified Nigerian nation.”\(^{30}\) Instead, the colonial influence “fuelled big-tribe hegemonic ethnocentrism, ethnic minority insecurity, 


\(^{30}\) Ibid., 22.
democratic instability, ethno-military infighting and secessionist warfare.”

Even with their apparent economic and resource-related advantages, the religious and ethnic conflict and infighting has been the ongoing theme of Nigeria’s independence period. Most notably was the secession attempt by the “Republic” of Biafra. Citing cultural and religious tensions amongst Nigerians, the Biafra’s attempt to secede from Nigeria led to nearly three years of war in the late 1960s. Millions died as a result of the conflict and the subsequent famine. Add to that widespread political corruption, human rights issues, border disputes, and economic disarray and this is the recipe for Nigeria’s disastrous fifty-plus years of post-colonialist struggle. These are the reasons Nigeria has been selected as a case study on African globalization: with seemingly so many economic and commercial advantages, surely they must have been able to successfully link into the global economy and share a prosperous trade position? Oil was first exported from Nigeria in 1958, just two years before national independence from Great Britain. As a result, according to

31 Ibid.
Professor Michael Watts, the history of post-colonial Nigeria is the history of oil and gas in the country. This is a period which Watts describes as a period of “unremitting political and economic failure and wasted opportunity.”32

To help understand how he arrived at such an unbecoming assessment, Watts first highlights some of the positive and progressive qualities of the nation. Nigerians, according to Watts, are talented and entrepreneurial people whom he describes as having extraordinary vitality. Nigeria’s population is about 150 million which makes up 20 percent of the entire population of Africa and is indicative of the country’s strong human capital. Importantly, Watts suggests that Nigeria is one of the largest exporters of oil in the world, and a major U.S. oil-supplier to the U.S. market.33 According to the National Bureau of Statistics, Nigeria’s oil exports—which it depends on for more than 80 percent of government revenue and 95 percent of foreign-exchange income—brought in $59


33 Ibid.
billion in 2010.\textsuperscript{34} This dependence on oil exports is nothing new for Nigeria. Watts tells us that over the last few decades, oil has accounted for “around 90–95% of all foreign exports, 80–85% of all government revenues, and 40–50% percent of gross domestic product.” He calls Nigeria “an archetypical oil nation, a mono-economy in which oil dwarfs everything else.”\textsuperscript{35} Since its independence in 1960, Watts estimates that over $600 billion in oil revenues has flowed into Nigeria which he says represents an opportunity unavailable to much of the developing world. $600 billion. That must have gone a long way in funding the developing nation’s much-needed infrastructure or its education system. Watts cites a World Bank report that found that at least half of that $600 billion has disappeared as a result of theft or internal corruption.\textsuperscript{36}

Nigeria’s inability to capitalize on its oil is indicative of the nation’s ongoing pattern of ineffective national development and equally poor treatment of its citizens. The Department of State’s 2008 Human Rights Report on Nigeria stated that the country’s human rights

\textsuperscript{34} Elisha Bala-Gbogbo, “Nigeria’s Oil Revenue Rose 46% to $59 Billion in 2010,” Bloomberg, April 14, 2011.

\textsuperscript{35} Watts, “Has Globalization Failed in Nigeria?”

\textsuperscript{36} Ibid.
record “remained poor,” and claimed that government officials at all levels continued to commit serious abuses. According to the report, the most significant human rights problems cited included, amongst others, the abridgement of citizens' right to change their government; extrajudicial killings by security forces; the use of lethal and excessive force by security forces; torture, rape, and other cruel, inhuman or degrading treatment of prisoners, detainees, and criminal suspects; arbitrary arrest and prolonged pretrial detention; executive influence on the judiciary and judicial corruption; infringement on privacy rights; restrictions on freedom of speech, press, assembly, religion, and movement; domestic violence and discrimination against women; child abuse and child sexual exploitation; societal violence; ethnic, regional, and religious discrimination; trafficking in persons for the purpose of prostitution and forced labor; and child labor.\textsuperscript{37}

Amnesty International’s Annual Report on Nigeria lists life expectancy as less than 50 years of age and an adult literacy rate of barely 60 percent and similarly describes rampant human rights violations, including unlawful

killings, torture and enforced disappearances. According to the report, the country’s justice system was “under-resourced and riddled with delays.” Additionally, the report included other severe observations including that “journalists continued to face intimidation and harassment; violence against women remained widespread and the government failed to protect the rights of children.”

Nigeria is certainly not the only African state to suffer these problems. Numerous states face many of the same types of corruption and human rights issues. However, it begs the question; if a country with so much human capital and access to so much revenue and international trading relationships still faces so much instability, what chance do other African states have? This is especially concerning considering the utter desperation faced by so many other African states in the forms of political uncertainty, health issues, poverty, child starvation, civil war, etc. We will re-introduce Nigeria as a case study later in the section on globalization but it’s important to establish a baseline understanding that much like Africa as a whole,

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Nigeria has faced—and continues to face—an ongoing struggle to develop its government, its economy, and its people.

Another African state which has endured economic and political struggle since the earliest slave trade has been Ghana. For many reasons, Ghana is important to the economic history of Sub-Saharan Africa. Up until the House of Parliament’s 1807 legislation to prohibit slavery, Ghana was a central player in the slave trade. Although initially there were not a lot of slaves forced into labor from the Gold Coast region of Africa, it nonetheless became a hub, of sorts, for European and colonial traders and merchants to establish port systems for executing the trade and migration of slaves. As this market established and grew, not only did the slave trade overshadow all other commercial activities on the West African coast but it did so with the help of Africans themselves. Authors James McLaughlin and David Owusu-Ansah point out that it was not uncommon for local rulers and tribal chiefs in this West African region to engage in enslavement of African peoples and to be compensated. According to the authors, some even engaged in wars of expansion for the sole purpose of
acquiring slaves for the export market.\textsuperscript{39} For example, rulers in the kingdom of Asante, are known to have supplied African slaves to both Muslim traders in the north and to Europeans on the coast. Additionally, claim McLaughlin and Owusu-Ansah, while traditional chiefs, such as those in Asante, were known to have engaged in the slave trade, there were also independent African merchants that “commanded large bands of armed men, many of them slaves, and engaged in various forms of commercial activities with the Europeans on the coast.”\textsuperscript{40} Such activity drew more interest and ultimately also drew more security issues for European traders. The already troubled relations between the Europeans and the local populations were worsened and the resulting uprising and conflicts also heightened the military presence in the region and ultimately created the highest concentration of European military forces outside of Europe.\textsuperscript{41} Clashes often ensued and involved not only European force on Africans but also action against the slave trading ports of other colonialists.


\textsuperscript{40} Ibid.

\textsuperscript{41} Ibid.
Upon the abolition of slavery, the British were the ruling party of the coastal regions of present-day Ghana. In order to maintain a presence, the British purchased much of the land in the area and initially played a role in easing the tension that had built up in the area having become some a focal point of the slave trade. In addition, they also tempered much of the in fighting that would break out amongst kingdoms and tribes as all parties continued to see their land and commercial relations purchased and eliminated by the British conquest. Eventually, the British began to install a government to oversee and lead the colony. In doing so, they enlisted—usually through bribery or coercion—chiefs to establish local government support. McLaughlin and Owusu-Ansah noted the responsibility the chiefs had to the colonial authorities who supported them many chiefs and elders came to regard themselves as extensions of the ruling aristocracy. They established support councils who in exchange sponsored the chiefs honors, decorations, and knighthood. Importantly, this ruling system catered to each other and to colonial authorities and “failed to provide meaningful opportunities
for the growing number of educated young men anxious to find a niche in their country's development."\textsuperscript{42}

During colonial rule, Ghana’s infrastructure did experience major improvements including the establishments of roads and highways to connect villages. The most significant boost to the colony’s development, though, came with the introduction of cocoa. Ghana’s interior had suitable agricultural space for the crop and also contained a sufficient labor force which would be responsible for working and harvesting the fields. The ability to do so, along with coincident timing of Brazil’s cocoa crop being devastated by disease, raised demand and by the mid-twentieth century they were exporting more than half of the world's cocoa supply.\textsuperscript{43} As previously mentioned, while the colony’s success in cocoa production was considerable, it was also nearly alone in terms of exports. The economy was far too reliant on one resource. All the working capital was shaped around cocoa, too; workers and facilities weren’t diversified and with the idea of independence approaching, they had become a monoculture dependent on

\textsuperscript{42} Ibid.

\textsuperscript{43} Ibid.
cocoa and without the skills and resources necessary for economic expansion.  

Against limited resistance by the British government, Ghana became an independent state in 1957. As the hopeful forerunner of subsequent African independence movements, Ghana placed significant effort and resources in further developing its colonialist-installed infrastructure which was already more advanced than most of the Sub-Saharan region. They also stressed the importance of education and started learning programs for its people. In the midst of such development and education efforts, costs grew. The government response was the implementation of an Austerity Budget that called for increased payments and taxes on the citizens while alleviating the financial burden on the government. Around the same time, the global price of cocoa, the state’s cash crop, fell drastically. According to McLaughlin and Owusu-Ansah, the reaction by farmers and workers set the central theme that has dominated Ghana’s political crises ever since.  

Cocoa prices didn’t recover and the state government—and its successors—faced perpetual problems with inflation.

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44 Ibid.
and severe debt. Before improving, the economic conditions in Ghana sagged so much that many Ghanaians had reverted to smuggling goods across the borders as well as to trading on the black market. In the early 1980s, the World Bank estimated that transactions on the parallel, or black, market constituted 32.4 percent of all domestic trade.45

Eventually, the government began to stem the downturn and was able to improve and expand the nation’s trading markets. As important was not only a recovery in cocoa prices but also a concerted effort to diversify exports. Ghana’s export commodities grew to include gold, timber, and diamonds.46 Expansion was slow but when compared to the immediately post-independence decades, there was at least a glimmer of economic hope for Ghana.

Another major consideration for Ghana’s future economic outlook is oil. Ghana has just discovered offshore oil wealth. As of now, the volume of production will certainly not approach that of oil-rich Nigeria but perhaps Nigeria can serve as a bit of a cautionary tale for how Ghana should—or shouldn’t—harness the market as an oil producer. The idea of the “resource curse” was introduced

45 Ibid.
46 Ibid.
by Raúl Prebisch, who submitted argued that natural resource industries would often limit economic progression. The World Bank’s Daniel Lederman and William Maloney claim such a theory applies to many of the resource-rich countries in Africa. They cite Africa’s unimpressive growth rates resulting from dramatic falls in commodity prices. In his study for the International Monetary Fund (IMF), Burcu Aydin recognizes that extra revenue from oil can relax external and fiscal constraints and “if incomes are invested prudently—whether in improved infrastructures, or in better education or health—this would be expected to boost incomes and living standards.” Against this, many resource-based countries—including Nigeria—have not seen strong growth, and living standards have stagnated. In his analysis, Aydin puts Ghana in the context of other diversified, resource-rich, and low-middle income countries (LMIC), in order to project the potential economic impact oil production.

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<th>Terms of Trade</th>
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Table 1. Macroeconomic Indicators for Ghana

### Governance and Fiscal Indicators for Ghana

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Table 2. Governance and Fiscal Indicators for Ghana


Aydin’s results confirm Prebisch’s that there is a “poverty trap for the poor resource-rich countries due to their low institutional quality.” On the other hand, says Aydin, “for countries with good governance and strong
macroeconomic management, oil wealth can be utilized to achieve higher economic growth.”

Africa has struggle through a history of conflict, slavery, exploitation, corruption, and economic mismanagement. Meanwhile, it was colonial and western countries that reaped the benefits and strengthened their economic empires. These problems still torment much of Africa, today, supplying many of the roots of their disadvantaged present. African states such as Nigeria and Ghana continue to search for ways to use their available resources—natural and human—to achieve relative economic success.

49 Ibid., 28.
CHAPTER 2
GLOBALIZATION, DEVELOPMENT, AND AFRICA

What is globalization? Throughout this research, the term “globalization” will refer to the integration of economies throughout the world through trade, investments, and financial flows, largely mediated by the use of modern technology and information, and to a lesser extent, by the movement of people. Trade and investment in the global economy may entail participation in the international supply chain (different countries taking on the manufacture of components to be assembled into of high value products such automobiles, computers and other electronic gadgets sold by major international corporations). The latter is also often referred to as “economic globalization” and tends to focus on the global distribution of the production of goods and services, through advances in technology and reduced barriers to international trade. This chapter will consider the advantages and potential drawbacks of globalization and identify winners and losers. Specifically covered will be the difficulty throughout much of Africa to overcome its troubled past and current dysfunction to engage with the global markets.
There are debates over the origin of the term “globalization” and many that the word dates back to the 19th century. However the term is defined, ideas associated with globalization are scattered throughout the history of human movement, trade, and transit. Columnist and author Thomas Friedman, one of the most popular writers of globalization and foreign policy dates the beginning of globalization coincident with the beginning of the new world. Friedman cites 1492 as the beginning of globalization and describes how “countries globalizing for resources and imperial conquest” were the forces responsible for shrinking the world “from a size large to a size medium.”¹ Friedman goes on to make periodic distinctions on the subsequent eras of globalization. Globalization’s first period lasted until 1800, at which time a new era of globalization (1800-2000) “shrunk the world from a size medium to a size small, and it was spearheaded by companies globalizing for markets and labor.” A third era of globalization began around 2000 and, according to Friedman, is “shrinking the world from a size small to a size tiny and flattening the playing field at

the same time.” While the dynamic force in Friedman’s initial era of globalization was countries globalizing and the second era had companies globalizing, in the third and current era of globalization, “the thing that gives it its unique character—is individuals and small groups globalizing. Individuals must, and can, now ask: where do I fit into the global competition and opportunities of the day, and how can I, on my own, collaborate with others globally?”

For most, Friedman’s second and third eras of globalization (1800-present) make up “modern globalization.” The industrialization during the 19th century allowed for mass—and inexpensive—production of common goods using economies of scale, and the increasing population created and sustained demand. It also increased competition, and not just in the sense of conflict and war. Even if we subscribe to Friedman’s chronology, the idea of globalization has evolved and must be studied more closely in order to better understand its impact. Economist David Henderson expanded the definition of globalization into five “related but distinct” components:

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2 Ibid.
1. increasing tendency for firms to think, plan, operate, and invest for the future with reference to markets and opportunities across the world as a whole

2. growing ease and cheapness of international communications, with the Internet the leading aspect

3. closer economic integration, resulting in the diminished importance of political boundaries

4. growing significance of issues and problems extending beyond national boundaries and the resulting impetus to deal with them through some form of internationally concerted action

5. tendency toward uniformity (or “harmonization”), by which norms, standards, rules, and practices are defined and enforced with respect to regions, or the world as a whole, rather than within the bounds of nation-states

These tenets can be directly associated with or perceived as the desired results of the high-level definition of “globalization” that was identified earlier in this section. As is the case with our initial classification, the term “globalization” is accepted to refer to the widening and deepening of international flows of trade, finance and information in a single, integrated global market. Professor Solita Monsod reminds us that while this is true, an alternative could be the increasing

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“linkages between the world’s people (including the international spread of cultures…as well as diseases and crime) as natural and artificial barriers fall.” Monsod also submits that globalization can be seen to create the world as the world as we knew it in the past, “shrinking” into a type of global village. Borders disappear, distances shrink, and time is shortened.

Some of the more nuanced characterizations of globalization begin to allow questions as to whether or not globalization is all positive. While the effects are far-reaching and the opportunities generated cannot be questioned, globalization does have its drawbacks, and, as is often the case, what seems advantageous and profitable to some people—or a nation—may be causing drawback for others.

Globalization and its impact are most often thought of and studied in economic terms. To be sure, there can be socio-cultural, technological, and political implications but even most of those are rooted in the economic impacts of globalization. According to a study on globalization done by The World Bank, since the 1970s world exports have

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doubled as a proportion of world economic output to over 25 percent, and, based on existing trends, will rise to 34 percent by 2030. Furthermore, world income has also doubled. Just since 1990, nearly 500 million people have climbed out of poverty and, according to current trends, the number of people living on less than one dollar per day will be cut in half by 2030.5 While few would argue that the increased economic productivity, expansion, and capital access can be attributed to globalization, the World Bank does not ignore the fact that there are also possible adverse consequences. In fact, many of these consequences are currently manifested in the poorest and least developed nations including much of Africa. Growing inequality, pressures on labor markets, and environmental threats are increasingly evident and are likely to worsen in the coming years. Also, while developing countries are, in fact, closing the income gap with rich countries, such macro-data ignore the domestic income disparities, which, in many of the poorest countries, are becoming wider. With the worsening problem of inequality, increased social tensions and potential government backlash are almost sure to

follow. According to the World Bank’s report, the primary reason for internal inequality is the expanding difference in earning potential between skilled and unskilled workers due to “investments in capital and technology create a more rapidly growing demand for skilled workers.”

Reasons like this help amplify the argument that, taking a macro view, globalization has created equal opportunities and helped create a more level and inter-connected global economy. However, the benefits are not realized equally and by all.

While globalization has buoyed the development and expansion not only of firms but also of economies, the impact on Africa has been mixed at best. The devastating brain-drain of Africa’s most-skilled and educated workers will be discussed in the following chapter, but this is just one of the reasons that Africa has been unable to achieve many of the benefits of globalization. Globally, the share of people whose living standards fall below those of the middle class will decline from 82 percent in 2000 to 66 percent in 2030. Sadly, most of those left behind are heavily and increasingly concentrated in Africa. The World Bank predicts that by 2030, Sub-Saharan Africa could be

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6 Ibid., xvii.
7 Ibid., 78.
home to almost 55 percent of the poorest decile of the world income distribution, representing an increase of 80 percent since 2000. The study suggests there are three main factors driving Africa’s decline: wide income inequalities; high population growth; and the lowest per capita income growth among developing-country regions. While the first reason presents a serious issue for Africa’s poor by limiting their ability to enjoy the growth benefits equally, the latter two reasons are even more worrisome because they underline that—as if the plight of the poor is not already grave enough—the trend shows it is getting even worse. While some economies in regions like Asia and South America have achieved, or are seeing benefits, this certainly begs the question if globalization is actually hurting the poorest nations?

Without question, globalization has enabled more countries access into a global economic system. Some argue that in much of the developing world though, and specifically Africa, globalization has helped make worse an already bad situation. Professor and economist Dr. Ravinder Rena expands on the idea of globalization’s “winners” and

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8 Ibid.
“losers” and argues that even though globalization has opened up more opportunities for many developing nations, it has also increased the economic interdependence of the developing nations on wealthier and emerging global partners. Rena cites the “growing volume and variety of cross-border flows of finance, investment, goods, and services, and the rapid and widespread diffusion of technology.” To be sure, some amount of interdependence is necessary to participate in the international trade network but the global dynamics are unbalanced. Rena seems to acknowledge that industrialized countries are often highly interdependent in their relations with one another. However, developing countries are largely independent from one another, while their economic interests remain highly dependent on industrialized countries. Echoing the aforementioned study by the World Bank, Rena also stresses the damaging and increasing inequality that is either created or worsened. Inequality is not just a problem in the developing world, either. Countries like China and India have been beneficiaries of globalization and seen

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10 Ibid.
their total respective economies rise to new heights. Nonetheless, these countries are home to some of the poorest people in the world—millions of them. As for Africa, Rena points out that the poorest nations, many in Africa, have experienced no growth during the past 20 years. He places much of the blame on poor governance along with the recognition that outside parties such as international organizations and consultancies have helped steer these leaders into ineffective or counter-productive decision-making. The divide between the rich and the poor is growing in the era of globalization. Case in point, Rena points out that nearly three-quarters of Africa's population live in rural areas while in the developed world, this number less than 10 percent. More telling though is the comparison amongst the poor countries, many of which are African states. While globalization has certainly aggravated the economic inequality within wealthy and emerging nations, among the poorest nations, “the main divide is between countries—those that adapted well to globalization and, in many areas, prospered, and those that maladjusted and, in many cases, collapsed.”\footnote{Ibid.}
Globalization has made a significant impact on many parts of Africa. Even many previously undeveloped regions have been transformed by advances in technology, communications, and transportation. With this, some of the African problem is apparent. Globalization, as previously defined, has not bypassed Africa, as some may suggest. Some argue that many African states have failed at gaining entry into a globalized marketplace, or have not had legitimate opportunity to do so. In some cases, this may be true, but an argument can be made that, in those cases, globalization still has a major impact. These, “unaffected” countries will continue to fall further behind, become more irrelevant to international commerce and continue to find it increasingly difficult to establish meaningful connectedness.

One does not need to look hard to find globalization success stories from the information age of the past half-century. China, on its way toward becoming the world’s largest economy, has shifted from a rural and state-directed economy toward an urbanized industrial and increasingly capitalist system.\textsuperscript{12} China has been a magnet

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for foreign investment and an export powerhouse. Its strong economic growth over the past 25 years (averaging more than nine percent annually) is unparalleled in modern history and China’s “economic miracle” also coincided with a dramatic drop in extreme poverty (people living on one dollar or less per day).\textsuperscript{13} This economic growth has not only expanded China’s global reach, but it has also helped turn China into the major engine for regional trade in developing Asia. According to the Asian Development Bank, China is the world’s biggest consumer of copper, tin, zinc, platinum, steel, and iron ore; second biggest of aluminum, lead, and oil.\textsuperscript{14} The Chinese have had great success in conquering global markets via its exports of manufactured goods and the acquisition of natural resource assets in places like Africa, Australia, and Latin America. Its accomplishments in the area of foreign investment have been significant.\textsuperscript{15} In addition to China, countries like India, the Philippines, Mexico, Russia, parts of Eastern Europe,

\textsuperscript{13} Ibid., 4.


and South Africa are loaded with educated workers who speak Western languages and can handle outsourced IT work. India is leading the way in this regard.\textsuperscript{16} By strictly economic measures, India is a definite globalization success story. Average incomes, steadily rising, have doubled since the mid-1980s. New industries have emerged, most visibly in the high-technology hubs of Bangalore and Hyderabad.\textsuperscript{17} The idea of global outsourcing is not exactly new, but previously undeveloped countries are now home to more than just rudimentary assembly lines. Virtually all consumer products sold by developed country retailers today are made entirely or to a significant extent in offshore factories located in developing countries.\textsuperscript{18} Even products requiring precision manufacturing, like hard disk drives and many kinds of semiconductors, are becoming “high-tech commodities” made in capital intensive facilities in Southeast Asia and elsewhere.\textsuperscript{19}


\textsuperscript{19} David G. McKendrick and Richard F. Doner, and Stephan Haggard, \textit{From Silicon Valley to Singapore: Location and Competitive Advantage in
Globalization has made the world flat. It has blurred borders and made transport and communication easier. With an increase in ease of access comes an increase in affordability. Still, we can’t ignore the possible consequences, especially for the poor. These consequences are economic, socio-cultural, technological, and political. In the next chapter, we will explore the potential ramifications endured by Africa’s poor. African states have been directly affected by globalization. Some have experienced its positive impact. Most of Africa, however, still reeling and finding its way from centuries of slavery, conflict, and imperialism, remains undeveloped or underdeveloped and has yet to reap the benefits often associated with integrating into a global market.

CHAPTER 3

EMIGRATION AND BRAIN DRAIN

Not greatly dissimilar to the forced migration of the African labor force during the aforementioned slave trades and the industrialization of western colonies, much of Africa has continued to experience the challenges related to emigration of their most educated and most skilled workers. These challenges include and are fuelled by political instability, religious and ethnic conflicts, poverty, population and global health issues.¹ Anthony Barclay defines migration as the movement of people across national, regional, and continental borders. He contends that it is a natural global phenomenon that, in Africa, has "manifested itself historically as an important feature of the socio-cultural, economic, and political lives of the people."² These migratory flows are outcomes of various purposes and impact not only their destinations but also their original countries. Given these regional and global

¹ Aderanti Adepoju, “Rethinking the Dynamics of Migration within, from and to Africa,” in International Migration within, to and from Africa in a Globalised World, ed. Aderanti Adepoju, (Ghana: Sub-Saharan Publishers, 2010), 9.

ramifications, Barclay argues that “effective management of migration is imperative not only at the country level, but also at regional and international levels,” which he says is mainly due to the fact that the “process requires a balanced and comprehensive approach that necessitates confidence-building, cooperation, consultative dialogue, substantive partnership, international support, and shared responsibilities at all levels.”

Before examining the current dynamics of African migration, it’s important to consider the historical background to the subject. Previous sections discussed the slave trades and the forced labor in colonies primarily outside of the African continent. This overview will focus more on the inter-Africa migration. Even before the arrival of the Europeans and their subsequent imperialist control, Africa had rich and flourishing social communities. Barclay tells us that, groups of kingdoms in the North, West, and South of Africa “experienced rich dynamic interactions manifested by exchanges of goods, ideas, and people through migration over a considerable period of time.”

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3 Ibid.

4 Ibid., 48.
were not completely free from strife, however, and when conflicts arose amongst groups over territory and resources the results were usually tribal movements and re-settling. Beyond this, the primary motives for migration were the search for personal and political security, trade, commerce, and seeking refuge from religious coercion. Barclay also highlights the acquisition of land as another motive for movement; usually for human settlement or agricultural purposes.\(^5\) We know that the imperialist rulers profited heavily by the movement of human capital within from Africa but they also prospered from human migration within the continent. Most of the movement was directly related to the exploitation of Africa's natural resources. Large numbers of people, working as laborers, were needed to produce raw materials for export.\(^6\) The examples are the production of cotton for export from West Africa and, in Zambia, where copper was the primary export, large numbers of men moved from areas distant to the mines to fill the

\(^5\) Ibid.

labor needs of the mines.⁷ According to Michigan State University’s *Exploring Africa* curriculum:

These movements resulted in the growth of large urban areas, but they also have had a negative impact on many rural areas where able bodied men were forced to leave their home areas to work in mines and on large farms, leaving their families and communities with a shortage of labor to produce food and other goods necessary for survival. Strong evidence suggests that many regions of rural Africa suffered economically as the result of labor migration.

This economic suffering was created and exacerbated by what Barclay cites as the introduction and enforcement of political and economic structures, tax regimes, and territorial boundaries.⁸

According to “*Exploring Africa,*” colonialism in Africa also facilitated other types of movement within the continent; that of ideas, knowledge, and cultural expression. It is important to recognize this as yet another example of the long-lasting and potentially damaging effects not only of imperialism but also of global expansion. Although Christianity has a long history in Africa, the religion was introduced to large parts of western and southern Africa for the first time as a result

⁷ Ibid.

⁸ Barclay, “Regional Economic Commissions and Intra-Regional Migration Potential in Africa: Taking Stock,” in *International Migration within, to and from Africa in a Globalised World,* 50.
of colonialism. With the support of colonial officials, Christianity expanded rapidly in Africa during this era. By the end of the twentieth century, nearly 30 percent of Africans identified themselves as Christians.\(^9\) Not surprisingly, religious conflicts—including those involving colonialist Christians and their converts and African Muslims—have remained an enduring struggle in Africa.

Colonial officials also allowed for the introduction of Christian schools. Certainly, there were some positive benefits considering some African nations had no formal schools; however, the schools and colonialist teachers often forced their own thoughts and beliefs and represented African knowledge and beliefs as being primitive, inconsequential, and even superstitious. Many African traditions and ideology, already compromised by transition, were being even more estranged. It is important to note that despite the colonialist attempts to negatively portray African culture and, some African expressions in music, dance, and art, not only survived, but made their way to Europe, the Americas, and other parts of the West where...
they subsequently provided significant impact on the shaping of new cultural expressions.¹⁰

Migration problems have continued to afflict much of Africa in the post-colonial era. The “brain-drain” associated with the loss of intellectual capital will be examined later in this section but it is important to note that the intra-regional human movement remains a significant issue. With drastically different and often-changing living and social conditions within African states, there are always population shifts simply searching for better living conditions. This could mean specific job opportunities, freedom from oppression or war, or ethnic or religious purposes. In arguing that globalization also has facilitative but sometimes negative effects on these movements Barclay cites an address given by Manolo Abella, then Chief of the Migration Branch of the UN’s International Labour Organization (ILO). The notion presented by Abella is that globalization has contributed to “increased availability and use of modern transportation and communication systems that influence and inform the migration process and make movements easier and faster.” Conversely, the evolution of globalization has also

¹⁰ Ibid.
“excluded an increasing number of people from more productive and meaningful economic participation—due to their lack of opportunity to benefit competitively from globalization-induced increased number of goods and services and a more equitable trading system.”¹¹ These reasons and their direct negative impacts such as higher poverty rates, fuel the notion that globalization has had many negative impacts on Africa, including the propagation of emigration.

Regarding migration, it is important to note the difference in motivations and circumstances. As we’ve examined, some migrants are forced and some are voluntary. Reasons for each vary but this discussion will help us transition to the almost exclusively voluntary migration phenomenon known as the “brain-drain.” In their report on Migration and Development; How to Make Integration Work for Poverty Reduction, the United Kingdom’s House of Commons International Committee offers several conceptual motivating factors. These are considered as either “push” (reasons to leave current state) or “pull” (reasons to go

¹¹ Barclay, “Regional Economic Commissions and Intra-Regional Migration Potential in Africa: Taking Stock,” in International Migration within, to and from Africa in a Globalised World, 51.
to new state/country) factors and are classified into four categories: economic and demographic; political; social and cultural; and environmental. Chief among economic and demographic factors are employment and better wages; they could also seeking access to care and education. Political factors can include moving to escape conflict, violence, and/or corruption, or possibly seek a haven for political freedom. Social and cultural considerations include discrimination on the bases of ethnicity, religion, gender, etc., and environmental factors could be depleted resources, natural disasters, etc.\(^2\) The report points out that making distinctions among migrants and their motives is of critical importance to many policy-makers. For one thing, it helps to ensure that refugees fleeing political persecution are offered protection and asylum. It is also noted that that those migrants who have multiple reasons for migrating are usually also facing multiple problems “such as a lack of economic opportunities and political instability–linked to a common thread of poor governance.” Some migrants have options but most have little choice.

Even “voluntary” migrants may simply be seeking to escape the depths of poverty and insecurity. Others may be forced to go wherever they are able to find personal safety or resource-rich or agriculturally-capable terrain. Policy-makers may be seeking clarity of migrant motives, but “the line between voluntary and forced and economic and non-economic migrants is frequently blurred.”

The concept of voluntary and economic migrants is central to Africa’s “brain drain.” Brain drain is the emigration of significant masses of people with specific education, knowledge, or technical skills. Although the term originally referred to technology workers leaving a nation, the meaning—according to the Merriam-Webster Dictionary—has developed into, “the departure of educated or professional people from one country, economic sector, or field for another, usually for better pay or living conditions. While this problem is not unique to Africa, it does present a special conundrum considering much of the continent’s quest to link into the globalized world. In some cases, the fact that other countries face similar issues only exacerbates the African plight. For instance, many European countries have been experiencing a decline in

13 Ibid.
birth rates and a steady decrease in the numbers of work-aged population. In order to expand the labor force to offset the decline in the number of home-grown workers, selective immigration policies may be considered—perhaps in addition to the implementation of programs to boost fertility. These immigration policies may include the enlistment of African workers and involve special incentives to enter the European work force, thus causing them to leave their African homelands behind.

The effects of a brain drain can present significant challenges to the countries of origin. African countries are no exception. Historically, much of the continental migration within and from Africa has been to escape famine, poverty, and conflict. More recently, however, it is accepted that the skilled and/or educated need to seek wider career opportunities, better working conditions, and higher pay. Author Arno Tanner suggests that, if it is significant, even a “temporary emigration of such elites from a given developing country may acutely hamper health care and education, as well as long-term innovation and technical development.”

14 Arno Tanner, *Emigration, Brain-Drain and Development: The Case of Sub-Saharan Africa* (Helsinki, Finland: East-West Books, 2005), 47.
can be exacerbated if the countries of origin are small or vulnerable, which describes many African states. Specifically, these issues are particularly damaging if qualified experts leave from certain critical fields such as health and education. Tanner uses Africa’s health sector as an example and suggests that an exodus of health workers is likely to cause not only diminished access to health care, again leading to declining health services, but also a decline in the utilization of such services. This scenario has become a reality in many African countries including Ghana, Tanzania, Zambia, and Malawi, at which we shall take a closer looks. Tanner cites Reidar Oderth’s work *Migration and Brain Drain—The Case of Malawi* to highlight the southeastern African nation’s AIDS epidemic, which it shares with a number of other states in the region. Malawi has endured a significant emigration of its health professionals, many of whom are likely never to return. Due to AIDS, the average life span in Malawi is now just 36 years. The problem is twofold: an acute shortage of health personnel who have emigrated elsewhere; and AIDS eliminating many of the few remaining, particularly those remaining in the healthcare field. The result will leave nobody to tend to the sick and dying, and few to
disseminate AIDS awareness and education in hopes of cutting down the further spread of the disease.\textsuperscript{15}

Another African example of the effects of outmigration on the country of origin is the argument that brain drain, itself, leads to further emigration. Tanner uses the United States in his example. Many of the African immigrants to the United States are relatives of those already living here. Therefore, those families that would normally be the beneficiaries of remittances—wages sent home by migrated workers, and a significant financial inflow to many African countries—are themselves emigrating. Often, the additional emigrants are also of above average educational attainment which then adds to the outflow of the population and also decreases the number of people eligible to receive home country remittance payments. Identifying the precise impact on remittances is difficult simply because so much of these payments are underreported or completely unreported. Many remittance channels are unknown or untracked, especially within the African region. According to a 2006 study by the International Monetary Fund (IMF) the estimated annual African remittance flows was approximately $25 billion

\textsuperscript{15} Ibid., 48.
USD. If we assume this figure is a rough estimate of the actual flows, then the importance and reliance on these remittances as stable forms of finance and social insurance cannot be understated, especially considering the abject poverty experienced by so many African populations. While the IMF’s estimate certainly seems able to produce significant economic and social impact, Tanner suggests that most international remittances never reach the countries in most need of them. This theory is particularly important in Africa where so many of the world’s poorest countries are in dire need of this financial aid. Tanner cites Devesh Kapur’s work “Remittances: The New Development Mantra?” that only about 25 percent of remittances go to countries in the most critical need of them. The rest ends up going to lower middle-income countries and even upper-middle income countries. Also, according to Kapur, these remittances are ultimately benefitting some regions more than others, in particular developing countries in Latin America, South Asia, and the Middle East. Kapur claims that “areas in Sub-Saharan Africa receive relatively small

amounts, and these small amounts seem to be decreasing rather than increasing."^{17}

The number of Africans emigrating from Africa to the west is rising. Tanner submits that since the end of World War II these numbers have been increasing. Also within this time is when many of the colonialist-ruled African states achieved their independence. Conversely, European emigration to the United States decreased in this timeframe, having experienced its peak during the first half of the 20th century. Among the primary reasons for the increase in African emigration is the rise in student and skilled-worker migration to developed countries, the aforementioned “brain-drain.” This problem was compounded by the political corruption and economic turmoil experienced by much of Africa in the post-independence era. In earlier times, many students who sought education and training in the developed world would return to their home countries in Africa. With so much chaos and dysfunction increasingly becoming the norm for independent African states, those emigrants decided to stay away. Additionally, more Africans began to flee or seek asylum for the same

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^{17} Tanner, Emigration, Brain-Drain and Development: The Case of Sub-Saharan Africa, 58.
reasons or just to get out of tumultuous conditions. In his paper, “Brain Drain is a Euphemism for Modern Slavery,” Dr. Okenwa R. Nwosu agrees with this theory and its timing and suggests that the modern emigration and “brain-drain” is tantamount to the forced slave trades of centuries ago. Dr. Nwosu also considers the post-World War II period as a dividing line in African emigration practice and its pace. According to Nwosu, colonialism collapsed after World War II and was replaced with “neocolonialism,” which he describes as a “new arrangement where indigenous populations were granted self-rule while economic control still remained in the firm grip of former colonizers.”¹⁸ Nwosu goes on to explain that this idea of neocolonialism “has now been practically abandoned because the African elite class, which is needed to buoy up the economy of the indigenous societies, is deserting African continent at an unprecedented pace.” While he makes the comparison to modern slavery throughout his work, Nwosu also astutely positions much of the responsibility on the African emigrants, asserting that the “greatest tragedy” is that

Africa’s enlightened population has opted to abandon its homeland. It has been written that Africa lacked educated and skilled workers in the immediate post-colonial era. However, Nwosu explains, “Africans have since acquired sophisticated skills and education that ought to begin to alter the quality of life of its peoples in tangible ways.”  

Specifically, Nwosu contends that “Nigerian Diaspora population in the United States, for example, has enough doctors, nurses, lawyers, professors, scientists, administrators and business managers to run a first class 21st century African country.”

These emigrations are not exceptional. They are common, ongoing, and increasing in modern Africa. Tanner cites a number of studies all reporting the same trend. According to a study by the World Bank, roughly 70,000 African qualified experts leave home each year in search of work in developed countries. This emigration is also noticeable in the destination states. According to the European Union’s EUROSTAT, there were just over 20 million foreigners in the European Union in 2004, of this number,

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19 Ibid.

20 Tanner, Emigration, Brain-Drain and Development: The Case of Sub-Saharan Africa, 89.
more than 3 million were Africans.\textsuperscript{21} Education is also a factor. According to the United States’ 1990 census, nearly 75 percent of African migrants to the U.S. had a university-level education, while immigration of those with only a primary or below education was “virtually zero.”\textsuperscript{22} As suggested earlier, this is also a more recent trend. According to the U.S. census of 2000, 56 percent of all African-born immigrants arrived in the United States after 1990; 26 percent arrived between 1980-1989; and just 18 percent arrived before 1980.\textsuperscript{23} According to the Migration Policy Institute, the African country with the highest number of immigrants obtaining legal permanent residency in 2002 was Nigeria (Ghana was fifth highest).

In order to examine and explain the intensification of modern African emigration, Tanner offers various possibilities. He applies Wilbur Zelinsky’s model which was initially described in Zelinsky’s work “The Hypothesis of the Mobility Transition.” The idea is that there are “push” factors and “pull factors” that are working either

\textsuperscript{21} Ibid.

\textsuperscript{22} Ibid.

independently or in concert to promote this effect. In the case of African migration, the “push factors” are local reasons that may play a part in instigating one to want to get out of their home country. “Pull” factors, on the other hand, are the external draws or opportunities one might see in a foreign country that would make them want to emigrate there. Tanner’s “push” factors for African migration include the “demographic boom.” Specifically, he cites a United Nations Environment Program study that predicted that the African population would double between the years 2000 and 2050.\textsuperscript{24} Tanner also cites a decrease in earning potential in one’s home country. This can be due to a number of factors including inflation, which has been an ongoing problem for many African states. According to the IMF, the overall African inflation rate in 2003 was 10.3 percent.\textsuperscript{25} Another reason is currency devaluation. With many post-colonial African states still closely aligned to imperial currency—and with the financial crisis currently faced by much of Europe—wages may not go as far as they once did. This problem is also often worsened by a

\textsuperscript{24} Tanner, Emigration, Brain-Drain and Development: The Case of Sub-Saharan Africa, 92.

\textsuperscript{25} Ibid., 93.
concurrent rise in the cost of living. Other reasons that are likely to cause Africans to leave or consider leaving are poor living conditions, inability to find work, surplus labor, and political instability or corruption, which has been a constant throughout most of post-colonial Africa. Tanner cites the “demographic boom” of particular consequence in Africa considering it “directly augments the supply of potential movers as well as indirectly making already-measured employment conditions less attractive.”

Tanner cites the International Organization for Migration in helping develop a hypothesis of “pull” factors that may entice Africans to leave and make their lives in other countries. Just as poor living and working conditions can be “push” factors, major “pull” factors include higher standards of living, better pay, and more stable employment markets in countries of destination. Also important is the access to education, training, and high-level skills. Tanner compares these factors that are facing Africans today with the similar situation in post-World War II Europe. At that time, numbers of European migrants came to the U.S. amid a European demographic boom combined with poor economic conditions at home and perceived better

26 Ibid., 94.
standard of living opportunities in the U.S. While it bears some comparison, Africa has a different situation and a different set of factors. Many African economies have faltered beyond repair and the population continues to grow at unmanageable rates. As a result, Tanner predicts that “more and more Africans will see emigration without return as the most attractive alternative.”

Having examined why many Africans emigrate to other parts of the world—especially the west—it is also significant to note some of the ramifications and cultural effects that this has on the homeland that emigrants left behind. It is not hard to identify some of the potential pitfalls associated with a mass exodus of a nation’s elite; if the most highly-trained and educated leave, even on a temporary basis, it greatly diminishes the region’s development abilities and intellectual resources. Perhaps just as important as those who make up the leaving parties are those who make up the remaining parties. Tanner cites a speech given by Nigerian scientist Philip Emeagwali in pointing out the potentially calamitous situation often facing the remaining social classes when the primary emigrants are the young, skilled, and educated. If a

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27 Ibid., 95.
stable, educated middle class is able to grow and sustain itself, it would presumably see to it that there is a balance of political and economic power and social justice. Unfortunately, for many African states, the constant outflow of the educated and professionals with skills in medicine, technical fields, and the like makes it very difficult to build and sustain a significant middle class. What remains is a divergent two-class system, which Emeagwali describes as a “...massive underclass that is largely unemployed and very poor, and a very rich people that are mostly corrupt military and government officials.”28 Tanner adds that this restless mobility may directly lead to instability, corruption, and conflict. Long term economic development is also hindered because this disappearing workforce makes it continuously challenging to meet the critical need for human resources, especially in many of the smaller African states. Additionally, there is a subsequent burden on budgets in the form of hiring replacement workers to supplant those who leave. Tanner cites that an estimated $4 billion is spent each year, including overseas aid programs, to hire

28 Ibid., 96.
skilled replacement workers—many of them in the form of expensive U.S. expatriates.29

While researching the cultural and economic effects of those left behind and the abandoned homelands, it struck me that there was not a lot of organized research on the effects on the people who are leaving, the trained and education emigrants. I wondered why more do not feel a sense of obligation to stay in—or at least return to—their homelands. Is there any guilt for these trained workers? Many would merely see this situation as inspired individuals achieving education and training and affording themselves a path out of a worse situation. Nwosu, himself a native Nigerian, does not think that is the only consideration that applies. While he considers Africa’s enlightened population has freely chosen to “abandon” its homeland during a time of need and he compares the brain drain to “modern slavery,” he also recognizes it can be a moral dilemma. Nwosu suggests that much of the African intelligentsia living overseas carries sense of guilt for leaving and often staying away from their birth countries. He describes the inherent conflict facing many for “being a naturalized citizen of their host countries while at the

29 Ibid., 99.
same time harboring grandiose sentiments about a culture that they left behind in their youth.\textsuperscript{30} In order to deal with this moral dilemma, Nwosu explains how the Nigerian Diaspora population has settled in large metropolitan centers of the U.S. and developed relationships and communities that share not only around their ethnocultural backgrounds but also around their shared moral dilemma of having left their home countries in pursuit of a better life overseas. Nwosu also points out the often supportive role that their homelands have played in helping them achieve this new world education. A significant portion African brain drain, which Nwosu points out “contributes immensely to service the economies of the West, were reared in their early childhood with the resources that came from indigenous African societies into which they were born.” Without the African-built educational foundation, these eventual intellectuals would not have been able to achieve opportunities to further their educations in the industrialized countries of the West. This foundation, claims Nwosu, “provided most of the critical educational input that helped to create the neo-Africanist elite class which has now abandoned its African home in the hour of

\textsuperscript{30} Nwosu, “Brain Drain is a Euphemism for Modern Slavery.”
great need.” He goes on to charge western societies with taking the credit for educating this group and reaping the benefits of their skills while Africa is forgotten. He argues further that “Africa’s greatest export today is its intelligentsia and skilled manpower while the continent remains burdened by political instability, hunger, disease and many other negative connotations of material poverty.”

Therein lies a critical issue of the brain drain and it presents a difficult situation for many who are seeking an improvement of their lives in Africa. Staying behind and not pursuing the education and training that will qualify them for what could be a new and improved life seems self-limiting. However, doing so raises the ire of many from their homelands for what continue to be very real problems associated with and resulting from the exodus of their primary workers.

As discussed earlier, one of the draws for corporations and global interests in expansion, specifically manufacturers in in expanding to a region or country is the existence of attractive investment conditions. The fleeing African workforce does nothing to support this cause. Late economist and professor Sanjaya

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31 Ibid.
Lall wrote that some of Africa’s challenges in globalization were due in part to its lack of certain technological, managerial, and institutional abilities. Many Asian countries had developed these capabilities, according to Lall, and as a result were able to penetrate and compete in the global marketplace. Africa’s brain drain has been a major impediment to developing these capabilities. Lall suggests that “low wages as such are no longer the main competitive factor in manufacturing: it is low wages for skilled, disciplined and capable labor.”

Africa can meet the low wage requirement of the formula but cannot generate the skilled, disciplined capabilities to go along. The brain-drain has taken most of the formally educated and trained workers and those that remain are in many cases developing the wrong types of skills for advancing the industrialization efforts to a point where they can link into the market. As time goes on and other developing nations continue to make strides in this area and find industrial success, Africa will only fall further behind. Lall believes many African countries are in danger of being pigeon-holed simply as a low-level supplier of

primary products to the west and describes Africa as “off the map in the most dynamic and technologically rewarding areas of manufacturing.”\(^{33}\) Put simply, the brain-drain has many far-reaching effects on African states and has had devastating effects on the physical and economic health of much of the continent.

\(^{33}\) Ibid.
CHAPTER 4

AFRICA’S DEVELOPMENT CHALLENGES AND ITS FUTURE

As is the case with any free market system, there are winners and there are losers. The majority of Africa has been losing, and there is enough blame to go around. We have covered Africa’s long and troubled history of slavery, oppression, and imperialist rule. Even after independence—in some cases after several decades—many African states are not only still hampered by the remnants of colonization, but they are still heavily impeded by outside political forces, economic interests, and international regulations. This means that Africa has faced substantial challenges in gaining traction in a globalized world. These challenges have roots in many causes and have often resulted from outside forces.

Historically, African states have been subjugated by the actions of the international community, often without proper voices of their own. Continental and intercontinental slavery and colonialism are primary examples and have certainly left lingering and damaging aftereffects. Even after achieving independence for most states Africa was still targeted and exploited by outside interests. This added to the newly independent African
states’ the widespread inability to install effective governance and civil societies. Africa was often treated as a pawn amongst leverage-seeking wealthier nations and even sometimes as the innocent recipient of strategically proffered financial support. Since most of this financial assistance supported the economic and political aspirations of its benefactors, the recipient governments rarely had any oversight over the aid program’s delivery or proper implementation. Combined with already unstable governments, civil conflicts, and poverty, it was like pouring fuel onto the African fire. Then—upon the end of the Cold War, much of this outside assistance stopped. For most of Africa, it has been a constant struggle to attract external economic investment especially that which comes with no strings attached.

History and conflict play major roles in how African states operate and how they view each other. Not only that, but the continent is also distinctively disadvantaged in other ways. Professor Paul Collier observes that Africa is disproportionately either landlocked or resource-rich. This is a difficult combination for diversifying exports and trade. Throughout the rest of the developing world, the population that falls into these two categories is barely
over 10 percent. In Africa, it is nearly 70 percent of the continent’s population.\(^1\) This puts Africans at a major disadvantage in comparison to other emerging economies and is one of the reasons Africa has had such a difficult time trading with the west. Without easy and sufficient access to ports, most African countries fail to even approach the delivery cycles of other emerging economies (see Table 1). Africans find themselves facing the significant challenge of competing for international trade with other countries, such as China, which can offer manufactured goods—opposed to Africa’s raw materials—quicker and cheaper.

![Import and Export Times in Developing Countries](chart)

**Table 3. Import and Export Times in Developing Countries**


Pervasive in the modern era of globalization have been the expansion and operations of many Transnational Corporations (TNCs) and the concept of Foreign Direct Investment (FDI) in the developing world. Historically, Africa was not exactly the most attractive region for TNCs to establish enterprises and that reputation has been difficult to shake. Africa’s troubles are manifold and are well publicized. Government instability, war, famine, and disease are some of the most obvious problems that are deterring investment in the region. Another issue is the lack of skilled human capital. As discovered in the previous chapter on the “brain-drain” and migration of the most educated and skilled workers, the labor market has had trouble meeting the demand for skilled manpower that would be required by an influx of foreign investment. Even when incentive programs were introduced to help make foreign investment in Africa more attractive they have tended to backfire. Structural Adjustment Programs (SAPs) were created in Africa with the goal of making their economies more fiscally-balanced to induce greater savings and investment. Instead, argues John Mukum Mbaku, economist and Fellow at the Brookings Institution, the SAPs often became
vehicles through which TNCs could become heavily involved in the economies and dictate institutional reforms and governance within African countries. Additionally, TNCs are pursuing improved bottom lines; Africa’s markets have been historically poor. Moreover, the region has never held a real strategic value or posed political threat to western powers. For all these reasons, Africa was largely ignored by foreign investors. More recently, though, with the emergence of other developing global economies, Africa has been the target of greater foreign investment. One of the primary challenges will be how African states can effectively apply these capital inflows.

Even as more Foreign Direct Investment (FDI) makes its way into Africa, it has been established that those whom Africans must rely on the most are Africans themselves. The next section will further examine FDI and discuss the specific roles and modern relationships Africa has with emerging economies in China and India but it is central to Africa’s future that they continue to take control and responsibility for improving their economic conditions.

Although much remains to be done, Africa has responded. In

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2001 the New Partnership for Africa’s Development (NEPAD) was formed to buttress the fledgling and less effective Organization of African Unity (OAU). A short time later, in 2002, the OAU was formally disbanded and a new charter was commissioned for the formation of the African Union (AU). Finally, Africans had a vehicle—and hopefully the means—for taking responsibility and control of their own rights, decisions, futures, and roles in international relations. According to their charter, among the functions and duties of the AU is to develop and accelerate “integration in the continent to enable it play its rightful role in the global economy while addressing multifaceted social, economic and political problems compounded as they are by certain negative aspects of globalization.”³ Contrary to so much of their troubled history, the AU’s vision is to be driven by Africa’s own citizens. This is a new stance toward which the AU has moved—a fundamental shift in focus from supporting liberation movements against colonialism and apartheid, to working single-mindedly on Africa’s development and integration. In addition to human rights issues,

unification, and defense of sovereignty and independence, the AU has multiple objectives designed to continue and enhance Africa’s role in the globalized world. Included is the goal to establish the necessary conditions that enable the continent to play its rightful role in the global economy and in international negotiations. Also included as key objective is the promotion and ensuring of sustainable development at the economic, social and cultural levels as well as the integration of African economies and the advancement research in all fields, in particular in science and technology.\textsuperscript{4} Though its roots were established some 40 years prior, the African Union is still a very young organization. Combined with the troubled histories and ongoing issues facing African states, making significant progress and developing solutions has been a daunting task. As with any facilitative agency or governing body, the AU requires help from its members. Some African states have been more involved in directing their futures than others, for a whole range of reasons. The reality, though, is that each country’s economic future and therefore Africa’s economic future is not just determined by history and natural resources. Each member country plays

\textsuperscript{4} Ibid.
a vital role in the defense, success, and treatment of its people.

Foreign Direct Investment (FDI) is a vital resource flow into the developing economies of Africa. FDI often comes from legitimate, established, and influential firms that have already achieved successful global expansion. Therefore it is imperative that African economies are willing and able to take full advantage of such opportunities for foreign investment. According to the African Economic Research Consortium (AERC), FDI affects growth and development by “complementing domestic investment and by facilitating trade and transfer of knowledge and technology.” Modern African Development relies on substantial inflow of external resources in order to fill the foreign exchange gaps and realize sustainable growth. The AERC identifies three primary channels through which FDI can bring about and sustain economic growth in Africa. First, FDI supplements domestic savings, and second, it acts as a conduit through which technology transfer takes place. The transfer of technology helps increase productivity and efficiency in the utilization of

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resources; this increased productivity and efficiency in turn leads to growth. Third, FDI can also increase exports by improving the capacity and competitiveness of domestic production. The positive impacts attributed to FDI in China and throughout the emerging Asian economies can be seen as proof of its value to Africa if implemented effectively. While FDI has become a key component in the expansion of TNCs and in the global participation of developing states, it is not without drawbacks. As African nations compete amongst themselves to attract FDI, their labor laws are often watered-down to the detriment of the protection of worker rights.

As mentioned earlier, potential foreign financial interests often shy away from investing in Africa because of the established and negative perception of the continent. As shown in the table below, FDI in Africa is still lagging behind investment in other developing nations and, in the cases of many African states, FDI is actually decreasing. This, argues the ERAC, “conceals the complex

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6 Ibid., 2.

diversity of economic performance and the existence of investment opportunities in individual countries.”

Table 4. Foreign Direct Investment Inflows


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</thead>
<tbody>
<tr>
<td>Annual average</td>
<td>254,325.88</td>
<td>481,910.95</td>
<td>686,028,271,079</td>
<td>882,751,382,957.44</td>
<td>823,824.79</td>
<td>851,188.50</td>
<td></td>
</tr>
<tr>
<td>Developed countries</td>
<td>154,641.17</td>
<td>269,854.19</td>
<td>472,265.10</td>
<td>824,842,291,120</td>
<td>527,856,845,937.95</td>
<td>480,354.39</td>
<td></td>
</tr>
<tr>
<td>Developing countries</td>
<td>91,502.20</td>
<td>193,223.66</td>
<td>191,283.93</td>
<td>229,295.22</td>
<td>248,058.56</td>
<td>209,431.16</td>
<td>182,145.07</td>
</tr>
<tr>
<td>Africa</td>
<td>4,808.45</td>
<td>10,886.71</td>
<td>8,926.01</td>
<td>12,231.49</td>
<td>8,489.36</td>
<td>16,786.69</td>
<td>10,997.72</td>
</tr>
<tr>
<td>Latin America and Caribbean</td>
<td>27,089.41</td>
<td>73,274.53</td>
<td>82,039.62</td>
<td>108,255.09</td>
<td>95,357.91</td>
<td>83,725.21</td>
<td>56,018.52</td>
</tr>
<tr>
<td>Asia</td>
<td>59,410.82</td>
<td>109,092.44</td>
<td>99,892.99</td>
<td>108,528.62</td>
<td>142,091.20</td>
<td>106,777.83</td>
<td>94,989.12</td>
</tr>
<tr>
<td>Pacific</td>
<td>415.55</td>
<td>189.99</td>
<td>333.31</td>
<td>260.01</td>
<td>118.39</td>
<td>159.43</td>
<td>139.70</td>
</tr>
<tr>
<td>Central and Eastern Europe</td>
<td>8,182.52</td>
<td>19,033.09</td>
<td>22,479.24</td>
<td>25,145.24</td>
<td>26,373.03</td>
<td>25,014.87</td>
<td>28,709.04</td>
</tr>
<tr>
<td>LDCs</td>
<td>1,712.86</td>
<td>3,400.53</td>
<td>4,573.85</td>
<td>5,974.02</td>
<td>3,427.31</td>
<td>5,628.53</td>
<td>5,251.79</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Share of global FDI inflows (in per cent)</th>
</tr>
</thead>
<tbody>
<tr>
<td>World</td>
</tr>
<tr>
<td>Developed countries</td>
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<tr>
<td>Developing countries</td>
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<tr>
<td>Africa</td>
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<tr>
<td>Latin America and Caribbean</td>
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<tr>
<td>Asia</td>
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<tr>
<td>Pacific</td>
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<tr>
<td>Central and Eastern Europe</td>
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<tr>
<td>LDCs</td>
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</tbody>
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<table>
<thead>
<tr>
<th>Share of developing countries (in per cent)</th>
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<tbody>
<tr>
<td>Developing countries</td>
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<tr>
<td>Africa</td>
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<td>Latin America and Caribbean</td>
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<td>Pacific</td>
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<tr>
<td>Central and Eastern Europe</td>
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<tr>
<td>LDCs</td>
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8 Ibid.
Despite this lack of sufficient FDI for many African regions, there are some states that have been able to attract enough FDI to good effect. Nigeria and Ghana are two of the countries that have been able to attract this foreign capital.

Nigeria is Africa’s most populous nation and one of its largest economies. There is also an abundance of natural resources, most notably oil and natural gas. These resources, and the availability of human resources, have helped Nigeria become the recipient of more FDI than any other African state since 1991. Still, Nigeria’s economic performance has been slow, averaging just and 2.4 percent per year. Despite its heavy natural and human resources, years of economic mismanagement and political corruption and a failure to diversify the economy beyond oil have stunted Nigeria’s economic growth. Measured by per capita GDP, Nigeria has long-ranked amongst the 20 poorest

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9 Ibid., 28.
countries in the world. By any index or calculation of social indicators or infrastructure development, Nigeria has done poorly.

<table>
<thead>
<tr>
<th>Selected Social Indicators (2003-4)</th>
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<tbody>
<tr>
<td>Nigeria</td>
</tr>
<tr>
<td>GNI per capita, Atlas method (current US$)</td>
</tr>
<tr>
<td>Immunization, measles (percent of children ages 12 to 23 months)</td>
</tr>
<tr>
<td>Improved sanitation facilities, urban (percent of urban population with access)</td>
</tr>
<tr>
<td>Improved water source (percent of population with access)</td>
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<tr>
<td>Mortality rate, infant (per 1,000 live births)</td>
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<tr>
<td>Mortality rate, under 5 (per 1,000)</td>
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Table 5. Social Indicators—Nigeria


<table>
<thead>
<tr>
<th>Selected Data on Infrastructure</th>
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<tbody>
<tr>
<td>Nigeria</td>
</tr>
<tr>
<td>Electric power consumption kW per capita (2001)</td>
</tr>
<tr>
<td>Road-to-Population Ratio 1000km per million people (1995-2001)</td>
</tr>
<tr>
<td>Paved primary roads – percent of roads (1995-2001)</td>
</tr>
<tr>
<td>Telephone – Mainlines per 1000 people (2002)</td>
</tr>
<tr>
<td>Access to sanitation – percent of population (2000)</td>
</tr>
<tr>
<td>Access to safe water – percent of population (2000)</td>
</tr>
</tbody>
</table>

Table 6. Infrastructure Data—Nigeria


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More recently, Nigeria has tried to learn from the lessons of its inept past and introduced a significant economic reform program. The program was based on the National Economic Empowerment and Development Strategy (NEEDS) and focused on four main areas: improving the macroeconomic environment, pursuing structural reforms, strengthening public expenditure management, and implementing institutional and governance reforms.\textsuperscript{11} Along with welfare improvements for citizens, this strategy’s goal was to improve not only the domestic business environment but also the relationships with the international community and potential foreign investors. With so much potential opportunity, Nigeria needed to figure out a way to better position itself within the global market. Economic reforms included the implementation of responsible monetary policies and focused on improving revenue management—still primarily from oil—as well as judicious debt management. While these measures improved the operations of Nigeria’s economy, in order to attract skeptical foreign investors and trade partners, Nigeria

also needed to implement structural reforms that encompass the banking industry, civil services, and trade policies aimed at improving the domestic business climate and enhancing Nigeria’s competitiveness.\footnote{Ibid., 12.} As with the economic reforms, results have been slow but promising. Nigeria is starting to experience more commercial activities internally and is also attracting more outside investment. Okonjo-Iweala and Osafo-Kwaako cite a 2005 survey presented to Nigeria’s then President Olusegun Obasanjo and his economic management team which indicates a “reduction in the perception of corruption by Nigerian firms in obtaining trade permits, in paying taxes, in procurement, in the judiciary, in the leakage of public funds, and in money laundering.”\footnote{Ibid., 19.}
Table 7. Bribery in Nigeria


When compared to the previous several decades, Nigeria’s economy and position in the global market has vastly improved. Though the country is not without issue and corruption and government instability still lingers, Nigeria’s economic and global potential is much greater. Since the economic reform beginning in 2003, Nigeria’s economy has grown at an average annual rate of more than 6 percent but significant challenges still remain. The agricultural sector continues to dominate the economy, employing 70 percent of the country’s labor force and
accounting for 40 percent of GDP. The manufacturing sector has stagnated since the late 1990s and contributes only 4 percent of GDP and, of course, there is still the heavy reliance on the oil industry, which continues to be mismanaged. The next section will include ways to further improve the Nigeria’s position and the global trading prospects for their economy.

Another African state that has faced a challenging path to global connectedness is Ghana. The first Sub-Sahara state to achieve independence, Ghana’s government and economy has been progressive by African standards. While Ghana’s challenges have been somewhat different than those of Nigeria, it has had to employ similar reforms and policies in order to take advantage of international trade.

After Ghana’s independence from colonial rule in 1957, the new state’s focus was on national development based on import substitution industrialization (ISI) that advocates replacing foreign imports with domestically produced goods. Throughout the initial stages of Ghana’s independence, most of the country’s economic and trade policies were likewise

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focused on national sovereignty and citizen entitlements.\textsuperscript{15} With this came major domestic investments in infrastructure, industrialization, and social programs including education and healthcare. Another program aimed at nationalizing the economy was “Africanization.” This program sought to completely transform the remaining colonial economic system by removing all expatriates from the labor force and replacing them with Ghanaian workers. This policy lasted until political changes, economic mismanagement, and outside events reduced the already small amount of revenue intended for Ghana’s economic expansion.\textsuperscript{16} Revenue mismanagement and the reduced capacity of the state’s public sector to provide jobs compounded the economic strain and pushed millions of Ghanaians out of the country in search of work elsewhere. This is a typical case of the aforementioned “brain-drain” so commonly faced when there are not enough jobs to employ the large number of qualified workers. After some time, droves of people who could not find work elsewhere began returning to Ghana. By that time, economic climate was so bad that influx of


\textsuperscript{16} Ibid.
expatriate Ghanaians—exacerbated by drought and withdrawal of international aid—made for dire conditions. As was the case for Nigeria, Ghana was at this point not an attractive candidate for the expansion of TNCs and FDI.

For many years following independence, Ghana has had a difficult time drawing the interest of foreign investors. Some of this was due to the fierce nationalistic culture in Ghana and perhaps a short-sighted view of the benefits of having close links with international aid agencies. FDI flow into Ghana was predictably low and stagnant throughout the 1970s and 1980s. Slowly, Ghana began to make changes and implement policies that they hoped would help change international perception and improve the investment climate. Among them was a measure taken to centralize all investment promotion functions at the Capital Investment Board and consolidate all investment legislation. Additionally, in 1985, they established the Ghana Investment Centre as the Central Investment Promotion Agency.\(^\text{17}\) Within each new set of investment codes were incentives to boost private investment. These incentives

included tax holidays, depreciation allowances, exemption investment allowances, and arrangements for profit repatriation.\textsuperscript{18} Initially, investment remained low and additional measures were then taken. These included reducing corporate taxes, credit expansion, and the establishment of “retention accounts.” These accounts allowed firms to keep a portion of revenues earned from exports to finance imports of essential goods and materials.\textsuperscript{19} Ghana was also a participant in the convention establishing the Multilateral Investment Guarantee Agency (MIGA) of the World Bank. Its purpose is to mitigate risk taken by—and provide insurance for—foreign investors who finance expansion efforts in developing countries.\textsuperscript{20} A common theme amongst each of these programs is focus on attracting foreign investment. Implementation came with varying degrees of success but eventually, FDI in Ghana grew substantially, as shown below.

\textsuperscript{18} Ibid.

\textsuperscript{19} Ibid.

\textsuperscript{20} Ibid.
Table 8. Foreign Direct Investment Inflows to Ghana


Ghana’s newly found access to FDI did not come without its challenges. A 2003 investor survey conducted by the United Nations Conference on Trade and Development (UNCTAD) identified a number of shortcomings including the poor provision of technology, education, access to credit and fiscal incentives, and access to land.\textsuperscript{21} Additionally, even with improved public and private investment, the resulting

benefits are not always immediately realized by most people in the country, if at all. For example, while investment helped directly create new jobs in sectors linked to the export economy, the effect on job creation and employment throughout the rest of the economy was limited. Also, while some argue that the benefits of FDI in Ghana include poverty alleviation, evidence does not back up that claim.

It is true that during the 1990s, while the growth in FDI was exponential, the poverty rate fell from 52 percent to just under 40 percent. However, development economist Ernest Aryeetey points out that there are strong geographic patterns to this data. Nearly all of the poverty reduction took place in Ghana’s capital city and population center of Accra, or in other urban areas. Elsewhere in Ghana, the poverty rate has remained much the same, and increased in some cases.\(^{22}\) Aryeetey asserts that trade openness has adversely affected Ghana’s poor and led to deterioration in income distribution. Therefore, what may actually be happening, in this case, is confirming one of the major criticisms of globalization; it hurts the poorest segments of a country’s populations. The program was meant to spur economic recovery and comprise a comprehensive set of

\(^{22}\) Ibid.
policies to reform the fiscal, monetary, and trade sectors. Instead, argues author Victor Ofosu, it created a dependency on international aid by the Ghanaian economy.\textsuperscript{23} Ghana’s results have been mixed, and it still faces significant domestic and international challenges. While it may not be the emerging economy that some Asian states have become, Ghana—along with Nigeria—has become a bellwether of sorts for a region so desperate to pull itself out of poverty through international trade and investment.

Africa’s past, present, and future are heavily reliant on other players in the globalized world. The question is if Africa is going to become linked into a global economy and reap more of the benefits associated with globalization instead of the drawbacks, how does it get there? We have seen other states develop into integrated and emerging economies during the era of the new globalization—China, India, regions of South America. These regions are certainly not without their own economic problems but their ability to become major economic players, on a global scale, has likely altered the futures of their population in a profound way. Success in these areas may pose

competition to African efforts to catch up. Some African economies have achieved modest success but, as a whole, the continent is in danger of not just being left behind by globalization, but falling further behind.

First and foremost, Africans must be willing to help themselves. Civil wars, political unrest and corruption, famine, and disease are all counter-productive to the efforts of the African states seeking to globalize their economies. Are many African states even in a position to take advantage of globalization? In many cases, foreign investment and international trade are more likely to reinforce dependence on natural resources than it is to open new markets for non-traditional exports.

What role can the international community play to help prepare or position African states for global trade? Collier suggests that popular but lazy thinking on aid and development have contributed to the African problem. Expecting globalization to fix Africa’s developmental problems without putting in place national legislative and regulatory safeguards is short sighted. Continuing to receive aid and financial resources as the answer to their economic problems while providing no oversight on where the money is bad governance and often leads to more corruption.
Much of the popular “support” from the international community has been counter-productive because it has not resulted in increased productivity or diversified economies.\textsuperscript{24} Political corruption has been blamed for the theft of aid funds throughout Africa. Aid flows destined to help the average African end up supporting bloated bureaucracies in the form of the poor-country governments and donor-funded non-governmental organizations. According to a 2009 article in \textit{The Wall Street Journal}, the African Union estimated that corruption was costing the continent $150 billion a year. The article went on to suggest that international donors were “apparently turning a blind eye” to the fact that aid money was inadvertently fueling corrupt and criminal activities.\textsuperscript{25} Without proper oversight and judicious allocation of aid flows, these funds can—and often do—end up being used for anything but the intended developmental purposes. Grants and concessional aid are not the only form of aid sent to Africa. Governments of wealthier economies also provide bilateral aid to African causes, often in the form of loans. Moyo estimates that

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\textsuperscript{24}Collier, \textit{The Bottom Billion: Why the Poorest Countries Are Failing and What Can Be Done About It}, 176.
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rich countries have provided at least $1 trillion of development-related aid to Africa over the past 60 years. Despite this, real per-capita income today is lower than it was in the 1970s, and the number of those living in abject poverty has increased twofold.26 Furthermore, it is estimated that African countries pay as much $20 billion in debt repayments annually. This debt is often repaid at the expense of African education and health care.27 Surely the rest of the world, specifically the developed countries, has some role to play. They can help first with debt forgiveness and by opening their markets to African products. Historically, Africa has faced barriers of protectionism by the developed countries as trade partners. African countries need access to markets of the developed countries, not handouts in the form of misguided financial aid—most of which they never see.28 The rapidly expanding markets in Asia have produced Africa’s largest trading partners. As those countries have been expanding their economies rapidly, they have been much more open to trading

26 Ibid.
27 Ibid.
with Africa than have the countries in the west.\textsuperscript{29} The China solution is not a perfect model but it presents a potential path of securing long term trading partners in need of African resources and willing to invest judiciously in Africa to get those resources.

Africa’s status in the international community is being “out of sight, out of mind.” The emerging economies in Eastern Europe are part of the European Union and share borders with traditional Western European powers. Likewise Central and South American states are already closely linked with the United States geographically, and by historical ties and trade agreements. Africa is remote, and since the fall of the Soviet Union, they pose little interest to western powers as allies and bulwark against communism. Author Giles Bolton explains that, as a result of this African marginalization, the continent “becomes increasingly affected by the international decisions we make in a globalizing world… but has little or no ability to influence them.”\textsuperscript{30} Bolton also cites international trade agreements that are “gradually hammered out, and no

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institutional design could ever change the fact that poor African countries need access to rich markets much more than vice versa.” Some of the major impediments to Africa’s access to these markets are technological.

Advancements in technology and communications have been primary precursors to globalization. Thomas Friedman’s “flat” world was made so by electronic interconnectedness and the ability for humans to communicate with each other, consume, and work from almost anywhere. Thus far, most of Africa has failed at acquiring modern technological advancements. Unable to connect, specifically to connect quickly and reliably, they are missing out and falling farther behind. According to The World Bank, in 2010, only 3 percent of Sub-Saharan Africa’s manufactured exports were considered “high-technology” exports. These are products with “high R&D intensity,” and include computers, pharmaceuticals, scientific instruments, and electrical machinery. For the most part, it takes technology to acquire technology. Of course, this is from a region where, as recently as 2009, only 32 percent of the people had

31 Ibid., 252.

access to electricity.\textsuperscript{33} Subsequently, argues Professor Banji Oyelaran-Oyeyinkathe, the region has suffered the loss of competitiveness and opportunities in global trade and technology exchanges. As we have covered, Africa is at a disadvantage by, among others, lack of the right kind of technology advancement and support from international institutions but Africans share in this responsibility. The aforementioned migration—"brain-drain—has left a perpetual shortage of the right kinds of human capital to build and sustain a technical foundation for industry. Rather than developing on sustainable principles, suggests Oyelaran-Oyeyinkathe, Africans “tend to focus on building organizations without much attention to institutions to sustain them.”\textsuperscript{34}

\textsuperscript{33} Ibid.

Table 9. Access to Technology in Sub-Saharan Africa


This paucity of widespread technology and telecommunications services is also because these services are unaffordable for most, given the region’s poor infrastructure. One of Africa’s largest infrastructure problems is in the power sector. The lack of access has been mentioned but even by other measures—generation capacity, security of supply—Africa lags well behind the service found elsewhere in the developing world. According to The World Bank, Sub-Saharan Africa (with a combined
population of 800 million) generates roughly the same amount of power as Spain (with a population of 45 million). Another problem is transit. Sub-Saharan Africa has about 2 million km of roads and, according to the U.S. International Trade Commission, has the lowest road density, measured by kilometers of road per 1,000 square kilometers of land, of any developing region in the world—49km/km2 of paved roads (compared with 482km/km2 of paved roads in the Middle East and North Africa), and 152km/km2 of total paved and unpaved roads (compared with 740km/km2 in Latin America and the Caribbean). Making matters worse, many of these roads are not paved and not properly maintained. As a result, only one-third of Africans living in rural areas are within two kilometers of an all-season road, compared with two-thirds of the population in other developing regions. Another issue is water. Africa has abundance of water but lacks proper irrigation technology and sufficient storage facilities. The result is a “shortage” of a resource of which they should have plenty.

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These common problems with basic infrastructure largely contribute to the region being so unappealing to corporate investment. In addition to the myriad of domestic issues, they create poor infrastructure conditions increase costs and affect access and freight for firms doing business—or looking to business—in Africa. Ovelaran-Oyeyinka submits that these problems also make networking among firms extremely difficult due to the high transaction costs when communication is hindered either by poor telecommunications or frequent power outages.\textsuperscript{37}

Table 10. Investment Climate in Sub-Saharan Africa

Figuring out how to improve Africa’s infrastructure is just one way to help them achieve their place in a globalized world.

Regional integration, amongst African nations, could be improved and would perhaps assist in identifying ways to achieve international integration. Even seemingly modest infrastructure projects rely on a combination of public- and private-sector funds and regional cooperation pool for financing. The larger-scale projects may require financing from multiple countries. The Trade Commission’s report cites nontraditional lenders, such as China and India, as becoming more and more involved in financing significant African utilities and infrastructure projects, often through the trade relationships around the region’s natural resources.\(^3^8\) African states are helping their own cause with reform efforts. They are still limited in scope but include developing technical standards to apply to improving transportation and power networks.\(^3^9\)

Identifying what needs to be done to help Africa improve its position in the international marketplace is

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\(^3^9\) Ibid., xi.
not a challenging as figuring out who will be responsible for doing it. Africans cannot do it on their own, nor can they afford to. It is the responsibility of wealthy countries to contribute to the global success of the lesser-developed parts of the world because they can afford it and because it is in their enlightened self-interest to create a larger and stable market for their exports. Poorly designed and managed aid leads to oppressive governments seizing the aid flows and making the situation so much worse. Among many lessons, donors need to learn that “postconflict situations, common in many African countries, take time to get better and that aid is more usefully phased over a decade rather than dumped in a rush.”

Certainly, the recipient states also share responsibility for the proper use of aid funds. Aid to volatile states or states with little to no functional government (e.g. Somalia, Democratic Republic of the Congo) should receive aid without agreement on institutional safeguards. Another idea, says Collier, is coordination of international charters to help “empower the reformers within their societies, and also enable those countries at the early

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40 Collier, The Bottom Billion, 177.
stages of turnaround to lock in change.”\textsuperscript{41} In the case of Africa, they could also provide commitment to technology advances. Bolton is even more specific with the responsibilities of the wealthy nations. Specifically, he calls for an end to American cotton subsidies which would allow competitive market pricing for Africa’s cotton farmers and help create new market opportunities; likewise for export subsidies.\textsuperscript{42} Bolton later cites that if Africa “could increase its share of world exports by one percent, it would bring in three or four times as much money as it receives in aid.”\textsuperscript{43}

\textsuperscript{41} Ibid., 185.

\textsuperscript{42} Bolton, \textit{Africa Doesn’t Matter}, 281.

\textsuperscript{43} Ibid., 282.
CONCLUSION

Globalization links economies throughout the world through trade, investments, and financial flows. These transactions employ modern technology and information sharing. Countries such as China and India confirm that connecting to the global economy can be beneficial. As the emerging economic winners prosper, however, the poorest suffer and fall further behind. In the age of globalization, the poorest in Africa continue to get poorer. There have been some areas of economic success but, in keeping with its troubled history, most of Africa faces subjugation and inability to properly participate in the global economy.

Africans have responsibility for themselves but they are also dependent on others in the international community to help them realize the benefits of globalization and a route to an improved economic future. In order for Africa to have proper opportunities to compete, trade must be fair, aid must be monitored closely, and professional and technological manpower needs to be built up and good governance nurtured. Despite the exploitation and the disadvantages, there do remain roadmaps for relative success. For example, in the case of Nigeria, government
reforms, diversifying beyond oil, and improving infrastructure should accelerate growth and improve national investment climate.

There have been notable economic and humanitarian improvements in Africa, though not enough. Some have even been indirect results of globalization. African struggles notwithstanding, the idea of globalization is not all bad. However, Africa has not been positioned to properly engage or reap the benefits. Despite what some think, however, Africa is not a lost cause. A combined and conscientious effort from wealthy and emerging economies—with the commitment from African states themselves—can foster a better economic future for African states and allow for globalization as an opportunity rather than an obstacle.


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