

The Impact of Globalization on African Development

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Abstract

The North and South's economies and societies clearly have growing disparities. The historical role of colonialism and imperialism, the presence of multinational businesses in Third World nations, dependence, and neo-imperialism are only a few of the causes of these. Or to put it another way, globalism is to blame for the growing gap between developed and developing nations. In light of this, this essay investigates how globalization has affected African development. This research cannot be submitted to quantitative analysis by its very nature, hence it used the qualitative research approach. The quantitative analytical method entails obtaining and employing statistical tools to analyze primary data, as opposed to the former which comprises content analysis of already published documented works on the subject. Therefore, the latter is not required in a study of this kind. The research demonstrates that even while colonialism is no longer practiced in Africa, the economic policies put in place at the time have continued to have an impact on the type and scope of the development challenges that African countries face today. It is recommended that before Africa can achieve development, it must take back control of determining the course of development in its individual nations.

Keywords: Globalization, Technology, Economy, African, Development

Introduction

The wealthy nations (or the North) and the Third World's developing and undeveloped nations (or the South) have always had a vast disparity in terms of living standards, technology, and capital. The income, literacy, and health status of the two regions all reflect this. The degree of industrialisation and urbanization also reflect it. Since the 1960s, when the majority of these nations attained independence, the South has remained impoverished, particularly in Africa and Asia. A few Asian nations have achieved success, like Malaysia, Singapore, South Korea, Hong Kong, Taiwan, and China, whose economies have experienced remarkably rapid expansion. These so-called Asian Tigers are no longer classified as "Third World countries," which is an embarrassing and demeaning label.

The growing divide between the economics and societies of the North and South has several explanations. These include the historical role of colonialism and imperialism, the role of multinational corporations in Third World countries, as well as dependency and neo-imperialism explanations.¹ Colonial rule involved the economic exploitation of the resources of the colonies for the benefit of the metropolis in Europe. This was the beginning of the economic divide between the North and the South, as the former lagged horribly behind in terms of economic growth and development while the latter grew industrialized as a result of the North's exploitation of the South's resources. Second, the exploitative economic institutions that the colonial regimes had constructed persisted when they granted their colonies freedom (or, in some cases, when they were forcibly removed). As an illustration, trade agreements were set up to favor the North by consistently shifting wealth from the South to the North. The main players in this unholy union are multinational firms since they invest little in Third World nations and repatriate the riches they make there to the city. They frequently collaborate with the elite of the nations they are visiting, who have similar interests to the political and business elite in Europe and North America.

Therefore, globalization and development in African nations are intended to strengthen the neocolonial system of dominance by the North and its agencies (such as the International Monetary Fund (IMF), the World Bank, and other international financial institutions) in order to establish a global free market for goods and services to their benefits. In other words, the historical process of Third World economies being included into the global capitalist system has been emphasized by globalization. Thus,

¹ Juliet Kaarbo and James Lee Ray, *Global politics*. 10th Edition (Boston, M.A.: Wadsworth, 2011), 398-409.

globalization and the development of African nations are not new phenomena; they have existed for a very long time. Africa has long engaged in social and political exchanges with the rest of the world. The following stages are included in the process of integrating the African nations into the world economy: Slave era, colonialism, neocolonialism, and globalization, which is the fourth exploitative visit to African countries. The developed countries are the main actors in the global world, and the African nations are those that supply the global world with raw resources. The gospel of free trade, comparative advantage, and a free market driven by private companies' profit motives regardless of national boundaries or local alliances is preached by developed nations. As a result, the impacts of globalization on African development are examined in this research.

Definition of terms

It is imperative to define the key terminology used in this work at the outset. This paper discusses "development," a concept that has had numerous definitions and has been the focus of numerous ideas. Here, "development" is defined from Dudley Seers' perspective as the decrease or abolition of poverty, inequality, and unemployment in a nation. Dudley Seers says that the inquiries to make regarding a nation's development are: What is the current state of poverty? What is the current state of unemployment? What has inequality been up to lately? It is clear that there has been a period of progress for the nation in question if all three of these have fallen from high levels. Even if per capita income doubled, it would be unusual to refer to the outcome as "development" if one or more of the three main issues have been getting worse, especially if all three have.²

'Globalization' is another word that has to be defined. Similar to how development has been defined differently by different people, globalization has also been the focus of numerous ideas. The definition of globalism by Paul Viotti and Mark Kauppi is "...the process of continual growth in transnational and worldwide economic, social, and cultural interaction that transcend the boundaries of state, assisted by advances in technology."³ And according to Ishaku Lere, globalization is "a system of advanced neocolonialism that emerged, spearheaded by the world super powers who were previously absent from the petition of the African countries to participate and extend their tentacles to capture those territories that were not colonized to destroy the economic foundation of the less developed countries by turning them into absolute dependents and as mere primary producers of raw materials through the process of integration".⁴

African economy before the advent of globalization

The pre-globalization African economy, more specifically the pre-colonial African economy, would be covered in this section. It is helpful to sketch up the overall economic condition in the previous time, from 1500 to 1885, in order to understand the general economic transition that took place between 1885 and 1960 and its effects on African development. The conversation that follows is significantly impacted by three aspects of this time period. First, from the sixteenth through the nineteenth century, a number of nations with all the hallmarks of modernization either emerged or grew in size in various parts of Africa. For instance, there are instances where a sizable region was consolidated under a centralized bureaucratic structure that included a much bigger population than any visible kingship groupings. We discover specialized production as well as the creation of commodities for interstate distribution and long-distance trade. Additionally, this time period saw the rise of a professional trade class, which occasionally functioned as a separate arm of the governmental bureaucracy. There have been instances where an alien trade class has granted license to operate inside state boundaries.

² Dudley Seers, "The Meaning of Development" *Institute of Development Studies, Communication Series No. 44(1969)*, 17.

³ Paul R. Viotti and Mark V. Kauppi, *International relations and world politics: Security, economy, identity*. Fourth Edition. (New Jersey: Pearson Prentice Hall, 2009), 5.

⁴ Ishaku Bitrus Lere, "Globalization and development. The impact on Africa; A political economy approach". *Lere / OIDA International Journal of Sustainable Development 07:09 (2014)* Available at <http://www.ssrn.com/link/OIDA-Intl-Journal-Sustainable-Dev.html> Accessed 12 September, 2023

Additionally, significant advancements in technological growth were produced through both originality and borrowing.⁵

On a Second note, the slave trade was the main point of contact between Europe and Africa from 1500 to 1800. A coastal trade class that acted as a middleman between the inland suppliers and the European buyers who arrived with their boats was created as a result of these ties.

Thirdly, the slave trade was gradually outlawed in the late 18th and early 19th centuries. The foundation of the trade was non-human goods including palm oil, lumber, ivory, dyes, copper, diamonds, and gold. However, even when the commodities changed, the exchange arrangement did not. The trade was dominated by Europeans. The British refused to sell the equipment to African merchants in Calabar at the start of the nineteenth century for fear that they might industrialize and threaten Britain's West Indian interests, according to Chinweizu. Additionally, in terms of pricing, the Euro-African market was a buyer's market for manufacturers and a seller's market for raw materials.⁶

The structure of the colonial economy

In general, Africa has three different sorts of colonial economy. The first are the well-known peasant-statist regimes that exist throughout West Africa and some of East Africa. These were essentially export hubs for basic commodities. In order to guarantee that export commodities would be grown by small farmers and transported to Europe, the colonial authority only supplied the barest amount of infrastructure. Social services were minimal and taxes were designed to make the government self-sufficient. The colonial authority set producer pricing as well as what should be produced for exports and in what quantities. Outside of agriculture, there was practically any private activity, and processing was scarce.

The second group was the settler economies in Eastern and Southern Africa, which built plantations using enormous labor reserves. Plantation agriculture was governed in the settler economy by European settlers who stole land and oppressed native people. Due to the fact that the capital's owners also resided in such colonies, investment was much more significant. Government involvement was minimal while exporting primarily primary commodities, which had a significant impact on the incentive structure.

The third was an economy centered on chartered firms, similar to the Congo. The engagement of those chartered businesses in mining, the disregard for agriculture and the labor it employs, and infrastructure that is primarily there to assist mining and related activities are the major hallmarks of chartered economies. There were few efforts made to create domestic government mechanisms, and social services and human capital development were not supported.

The legacy of the colonial economy

Both beneficial and detrimental impacts of the colonial economy have been left behind. But the detrimental legacies far exceed the beneficial ones. These legacies are outlined in this section.

On the positive side, colonial economies helped to establish the telegraph, feeder motorways, and rail networks, among other social and economic infrastructures. Exploitation of mineral resources, which expanded the range of economic activities, and the invention of a widely accepted, readily transportable unit of account (a common portable currency), which brought structure and reason to economic activity and the work of government

On the downside, there wasn't much industrial production. Apart from the extractive industries like tin, oil, and coal that were required to increase European industrial undertakings domestically, the colonial authority discouraged the formation of industries. The colonies were not allowed to have other enterprises that could produce foods and employ labour, such as textile industries or consumer products. To avoid rivalry with European manufacturers was the goal.⁷

Africa's economy is now reliant on a single product thanks to colonial governments. It oriented Africans' efforts toward the cultivation of cash crops, and all of the research facilities they constructed were focused on this goal. For instance, the economy was simplified in Senegal and the Gambia to produce

⁵ Chinweizu, *The West and the Rest of Us* (London: Nok Publishers, 1978), 31.

⁶ Anthony I. Nwabughuogu, *Lecture Note* (ABSU: Department of History and International Relations, ND).

⁷ Anthony I. Nwabughuogu, *Ph.D Lecture Note* (ABSU: Department of History and International Relations, ND).

groundnuts, particularly peanuts, which were a cash crop required in France. This resulted in the destruction of other agricultural goods, such as rice, which were daily nutritional staples. Rice had to be imported during the colonial era since it could no longer be produced locally. As cash crop production replaced all other economic activity, society grew dependent on French access to international markets and imports to meet even the most basic needs.⁸

And in most societies, entrepreneurship was almost nonexistent. African middlemen had to cut back on their wholesale operations as a result of the colonial economy. They were forced to become import or production retailers and purchase brokers for European businesses who set prices rigidly against African competitors. Developmental trends are determined by European demand. The colonial economy's most important characteristic is that its growth was guided by what was thought to be Europe's requirements. Africa's unique welfare received very little attention. If every action taken to assist Europe resulted in some benefit for Africa, great; if not, it didn't matter.⁹

There was also significant social inequality as well as ethnic and regional inequalities became pronounced. In summary, the colonial economy was an appendage economy of Europe, an economy whose productivity was geared to the requirements of foreign trade, an economy designed to bleed the continent and to neglect African needs.

Effects of Globalization on African development

It is important to consider the development paths that African societies would take in the absence of globalism when assessing how globalism has impacted African development. If globalism hadn't existed, how might African economic growth have changed? If today, would it be wealthier?

The rise of the global capitalist economy has been hastened by globalization, which has had a devastating impact on the economies of Africa. For instance, among the features of globalization are the integration of trade, capital movement, movement of peoples, and advances in technology.¹¹ Africa's nations are at a disadvantage in each of these areas. Their economies, for instance, are unable to compete with those of the developed countries of the North in the sphere of international trade. Thus, the countries of the North have started to expand their economic influence over the Third World in general and Africa in particular through the use of the World Trade Organization (WTO). Additionally, the issue of capital movement is one-sided because multinational corporations freely exploit the economic resources of African countries, further diminishing their host countries and communities. Within the scope of globalization, free movement of people is not without its own challenges. A couple of things come to mind: racism still exists in international relations and there isn't really any free movement of people.¹⁰ Another reason is that the majority of those who have moved have been professionals and intellectuals from the African nations who have settled in the Northern nations where their knowledge has benefited both their own and their hosts' economies. Last but not least, technological advancements have not considerably improved the technological backwardness of the African nations, but rather highlighted it. That is to say, the technological developments in the developed North have actually made the African nations' dependent situation worse.

Because the North is gaining from globalization at the expense of the South (particularly Africa), it cannot be stated that the advantages have been distributed equally. Any talk of a genuine global economy is mocked by the growing divide between the two, as the North is strengthening regional economic alliances that are mutually exclusive, like the European Union, while the countries of Africa continue to be economically vulnerable and insecure. The idea of regional economic regimes in the North and the advanced nations' continued resistance to the Third World's (including Africa's) demand for a New International Economic Order (NIEO) portend great danger and difficulty for the Third

⁸ Burchard Stephanie, "Colonial Legacies and Development Performance in Africa". University of New Orleans Thesis and Dissertations Paper 280. <http://scholarworks.uno.edu/tld1280>, Retrieved 6/3/2023.

⁹ Chinweizu, *The West and the Rest of Us* (London: Nok Publishers, 1978), 75.

¹⁰ See Ejitu N. Ota, "Africa and the new world order: Interrogating the past and reshaping the future". In P. U. Omeje and U. U. Okonkwo (eds), *New perspectives on West African history: Festschrift in honor of Prof. S.C. Ukapbi*. (Enugu: Madonna University Press, 2013), 581-582.

World's (including Africa's) economic development as well as a threat to world peace and security because Third World poverty and hunger will lead to political instability on a global scale. The international system will face the challenge of avoiding and managing the potential political and economic consequences when member states of the international community are under political pressure.

If globalism hadn't existed, how might African economic progress have changed? African development was adversely impacted by colonialism, a component of globalism, in numerous ways, including:

I. The colonial economy halted the technological and industrial advancements taking place in Africa. Africans had access to a wide range of consumer products prior to the division of the continent. African manufacturing was forced to collapse due to colonialism's economic policies, which also increased dependency on imported European goods. Africa would likely be in a far better economic and technological position now if the conquering powers had promoted and developed indigenous manufacturing.

II. The colonial economy stifled inter-African commerce and cooperation. Africa had become economically more linked before it was divided, with trade occurring both east-west and north-south. All trade in Africa was diverted to the global export market by the colonial rulers' policies. African internal trade organized itself around the European economic and communication grid and followed the routes of simpler communication.¹¹ As a result, inter-African commerce is currently limited, and the pattern of economic reliance persists.

III. The overemphasis on the production of a single cash crop was the colonial economy's most major drawback. The production of one or two agricultural items for export market use was the main goal of colonial African economics. The majority of African nations still focus their export revenues on a single or small number of core goods, making them extremely susceptible to external changes in supply and demand. For foreign exchange profits and government revenue, the primary sector—often an enclave—is crucial to African economies. Due to the economy's overwhelming reliance on a small number of products, Africa has been disproportionately harmed by negative shock.¹²

IV. One of the detrimental effects of the colonial economy on African growth is low investment and savings. Foreigners dominated much of the private investment throughout the colonial era. With the exception of a small number of African nations, the indigenous capitalist class was essentially nonexistent. Countries saw capital flight and de-investment on the brink of independence, possibly due to apprehension about the upcoming nationalist governments. After independence, private (foreign) investment was remained constrained despite the array of incentives given by African governments (co-financing, protection, tax breaks, harsh labor rules, etc.). This led to significant foreign borrowing, which quickly increased the amount of external debt.¹³

V. The colonial economy also had the unfavorable impact of increasing levels of inequality in African society. Individual colonial cultures clearly had a wide range of distinctive traits, but overall, there was a high degree of income inequality. When the former colonies gained their independence, levels of inequality there were around twice as high as those in the United Kingdom, France, and other Western nations.¹⁴ The stratification of international and domestic bourgeoisie, between the peasantry and the bourgeoisie, and between capital and labour has impacted on the socio-political and economic life of modern African states.

VI. The colonial economy had some good effects, such as the creation of a common movable currency that brought order and reason to economic activity and the government's work, the exploitation of mineral resources that increased the range of economic activities, etc. The drawbacks, however, exceed the advantages.

¹¹ P. N. Chikendu, *Imperialism and Nationalism* (Enugu: Academic Publishing Company, 2004), 11.

¹² Thandika Mkandawire and Charles C. Soludo, *Our Continent, Our Future African perspectives on Structural Adjustment* (Entrea: Africa World Press Inc., 1999), 8.

¹³ Mkandawire and Soludo, *Our Continent, Our Future African perspectives on Structural Adjustment*, 10.

¹⁴ A B Atkinson "The colonial Legacy: Income inequality in former British African Colonies' in *UNU- Wider Working Paper 2014/45* <http://wlder.unu.edu>. Retrieved 6/3/2023.

The Persistence of Africa's Underdevelopment

Although it is true that globalism has a variety of effects on growth in modern-day African states, it would be unjust to completely blame globalism because other third-world nations have managed to prosper despite it. As demonstrated by Singapore, Taiwan, Hong Kong, South Korea, and other third-world NICs (New Industrial Countries), African countries can develop both without detaching from or changing the fundamental structures of Western capitalist dominance as well as with detachment (as with China after 1949). Why then did Africa falter? Why didn't even one nation in Africa join the NIC?¹⁵ Historically, corruption had hampered African growth. The net movement of capital funds was from Africa out to the West as a result of the African leaders plundering the national or state coffers and banking the earnings overseas. Nepotism is another component of corruption. In modern-day African states, this is highly prevalent. Nepotism causes merit to be sacrificed, which has a negative impact on development.

The idea that consumption growth was the main driver of development in Africa was a major factor in its failure. The modernity they acquired was merely the westernization of taste without an African producing capacity to satisfy the taste due to the high consumption and low production strategy of growth. Furthermore, while inherited dependency relationships were the structural cause of Africa's inability to develop, the African leadership's pervasive dependency mentality ultimately prevented Africans from organizing and changing these relationships by focusing on the expansion of their productive forces.

The Way Forward?

The first crucial action that Africans can take is to take back control of determining the development strategies for their own nations. The tragic aspect of recent African policymaking and policy implementation is the total submission of national policies to the ever-evolving viewpoints of foreign experts. Africa hasn't had the self-assurance to actively and deliberately shape and design its own future. Having strong societal and governmental institutions will be necessary to put African economies on a development path. To create a real developmental State-society nexus that can effectively mobilize human and material resources and handle the numerous contradictions present in both our societies and any rapid change processes, these in turn will demand innovative methods.¹⁶

Africa needs a system of democratic governance that gives political actors the freedom to discuss, bargain, and create economic reform measures that are essential to the creation of a new social compact. It is imperative that public policy be sensitive to the social and welfare desires of the general public. If drastic measures are incorporated into a social contract that has been negotiated and in which several interest groups have a stake, they are more likely to be successful.¹⁷

Conclusion

We went out to investigate how globalization has affected African development. We discovered that the African nations are currently poorer than they were in the past. When we looked into the reasons for this drop, we discovered that although while colonialism is no longer practiced in Africa, the economic policies put in place at the time have continued to have an impact on the types of development issues that African countries now confront in the post-independence age.

We also looked at why Africa continues to be underdeveloped, and while it is true that globalism has an impact on development in modern-day African states, blaming globalism entirely for Africa's ongoing underdevelopment would be the height of African irresponsibility. Based on these findings, we came to the inescapable conclusion that in order for Africa to achieve development, it is necessary for her to retake control over determining the development paths in each of its individual countries, establish a system of democratic governance, strengthen the state's fiscal capacity, and do away with corruption and nepotism.

¹⁵Chinweizu, "Africa and the Capitalist Countries" In Ali Mazrui (ed) *General History of Africa 1711 Africa Since 1935* (California: Heinemann, 1993), 789.

¹⁶ Mkandawire and Soludo, *Our Continent, Our Future African perspectives on Structural Adjustment*, 141.

¹⁷ Mkandawire and Soludo, *Our Continent, Our Future African perspectives on Structural Adjustment*, 142.