



Implications of Globalization to African States: A Theoretical Perspective

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Abstract

This study, which dispassionately explicates the reality of globalization as regards to the role of African states, more importantly its nature in an international transaction. It utilizes secondary data in the form of published works to adumbrate the great challenges of globalization to the developing economies, especially in the high level of competition in financial activities, trade, as well as policies associated with the system which has greater effect on state capability to control the forces of market principles and global inequality. The paper argues that, African countries are among the victims of the globalizing economy, whereby, marginalization and discrimination of other states in the continents exhibited international imbalance as well as retrospectively to local economies, businesses and development of infrastructure. To that effect, operating with multinational corporations added to the diminishing national sovereignty of African states, specifically in the socioeconomic aspect of the people. It also looked at the rationale behind the ability of Asian countries to respond properly with their domestic policies to the globalization unlike African and Latin American countries.

Keywords: Globalization, State, Implications, Multinational Cooperation, Sovereignty

Introduction

Ideally, states are the only political organization exercising authority over a definite territory, or more specifically, what distinguished state from other forms of organization is their sovereign status. Development of myriad waves of globalization was among the most dangerous phenomenon, undermining not only the economic interest of the state, but also their sovereignty (Hay & Marsh, 2016). This could be understood through the activities and the processes of the hegemony of Multinational Corporations, the promotion of free trade and universality of democracy to guide the world order. Sovereignty supposed to be the tool of

state power and authority to drive all forms of development.

The paper agreed with the arguments that, in the epoch of globalization, several nations have become obsolete forms of social organizations, since competition and market principles changes the way and manner Westphalia state operates. The kind of control states has over its territory has also changed dramatically. It is also the age of cooperation, but it appears that this cooperation serves only developed economies to achieve self-reliance and development, while on the other hand, developing countries loses national sovereignty and control over their economy.

The establishment of a monolithic form of universal rules imposed by highly centralized organizations to further their interest, and in particular U.S has greatly impacted in eroding the autonomy of the states. This phenomenon has introduced and gave power to new transnational corporation such as the World Trade Organization (W.T.O), International Monetary Fund (I.M.F), World Bank and others, which are increasingly taking the roles of governments for capital interest in general and Transaction Corporation in particular. In essence, current development in the international economic system has made it mandatory upon African states to submit both willingly and unwillingly to certain decisions that have their origin from outside (Toyo, 2001).

The paper also studied the rationale behind the ability of Asian countries to respond to globalization unlike Africa and Latin America. In line with this phenomenon, many scholars and political analysts have written a lot in explaining the complexities and contradictions of globalization, especially its implications for developing nations. It is against this background that this paper sets out to investigate the phenomenon of globalization and its implications for African states.



The Framework of Analysis

The Theory of State

This theory, assumes that a state is embedded within and directed by internal and external social structural forces, like capitalism and globalization. It also believes that, the most influential factor that determines the policies and activities of state is the role of the capitalists, irrespective of national boundaries (Sulaiman & Khair, 2015). There is a debate on the role of state between the skeptics and globalists. Globalists assumed that the ideology of globalization assists in spreading globalization projects, which is the creation of international free market and strengthening of capitalism within the international economic and political system, which washes away and alters the authority and role of the state to govern within its territorial boundaries (Sulaiman & Khair, 2015). Looking at the African continent within the international system, the power of its nations has washed away and eroded. There exist international imbalances and discrimination in the universal system. The policies and economy of African state are determined by Multinational cooperation.

Literature Review

The term globalization refers to the process of intensification of economic, social and cultural relations across international boundaries. It is primarily concerned with transcendental homogenization of political and socioeconomic theories across the globe. Thus, it deals with the ever increasing breakdown of trade barriers, blockades and the increasing integration of world markets (Fafowora, 1998).

According to Oluabunwa (1999) globalization can be described as an evolution, which is systematically restructuring interactive phase among nations, by breaking down barriers in the areas of culture and identity, commerce, communication and several other fields of endeavor. Furthermore, contemporary scholars view globalization as the transformation of the world to a global village, while to others as world without borders.

The bond of contention is that, this globalization was propagated by western nations through the instrumentality of international organizations and the policies of eliminating all territorial matters. Whatever prospect in globalization, the concept is not sacrosanct neither sanctioned by any of the religion doctrines nor emerged spontaneously. Rather, it has been envisaged, planned, and backed by certain interest groups. This does not mean people will be allowed to travel without past-port, but it is principally concerned with the expansion of trade over the oceans, air space, beyond

traditional alliance, which was restricted by old political spheres of influence.

Globalization promotes a world in which finance capital via the instrument of technological development, especially in areas of communication, transportations and global commercial agreement under the umbrella of Breton wood institutions, which cut across national barriers systematically project the interest of capitalism (Choamsky, 2000). Globalization connotes the multiplicity of linkages and interconnections between the state and societies which make up the present world system (Eyieche, 2005). This clearly implied that, it is a phenomenon that has to do with events, decisions and activities that are either of economics or politics, whenever it happen in one part of the world, it will come to have significant consequence for the individuals in quit distant parts of the globe.

Jamil Jreisat has succinctly captured the picture of globalization, when he presented it in three different perspectives, namely; Economics-based globalization, Information Technology-based globalization and Broad view of globalization. According to him economic-based globalization has to do with economic factors such as; banking, labor, free trade, and transfer of capital. It is specifically about the global capitalism that integrates national economies into the international economy (Jresat, 2012). Looking at it from this perspective, it is promoted by what is called "neoliberalism" or the "Washington consensus" through the activities of the International Monetary Fund (IMF).

The second perspective known as Information technology-based globalization as posited by Jresat was precipitated as a result of advancement in information and communication technology (ICT), which further improved global interconnections. The last perspective which is broad view is more than the economy and technology; it deals with phenomenon of security, education, environment, human right, inter alia (Jresat, 2012). Looking at Jresat explanation, one can discern that globalization encompasses many things.

Benefeld (1999) has also summaries many inter political and economic trends that symbolize globalization, which includes, among other things; The increasing significance of the financial institutions and the global creation of credit, which leads to dominance of finance over production, the growing significance of knowledge structure: this means in globalization, knowledge is said to have become an important factor of production. Also the increase in the rapidity of redundancy of technologies and increase in the transnationalization of technology and the increase rise



of global oligopolies in the name of Multinational corporations, this became important power centers beyond national states and economies.

The globalization of production, knowledge and finance is viewed to have led a decline in the regulative power of nation-state. This was accompanied by the rise of global authority institutions, such as the United Nations, the G7 (now G8) group of industrial powers and the World Trade Organization (WTO), International Monetary Fund (IMF) and World Bank.

The unprecedented freedom of capital from state regulation, control and democratic accountability was held to have led to the increase in social fragmentation, ecological destruction, and poverty as well as having effects on personal identity as a global media corporation was homogenized, customized and carved a niche for their products in the markets.

State and Globalization

A modern state is a group of people occupying a specific territory, living under common government and possessing of autonomy with respect to other units. The Westphalia state is sovereign, that is, it exercised comprehensive, supreme and exclusive control over its designated territorial domain. In sum, the states are expected to determine their own directions and policies. But the waves of globalization in the early 80s demonstrated relationship that undermines the state in the continents. As such, globalization as a phenomenon in social science contributed immensely to the limitations of sovereign statehood, to the extent that, with globalization, the Westphalia system is now becoming a history of the past.

The above analysis demonstrated the violation of the state sovereignty which can be examine through economic, political, socio-cultural and military/security globalization. In simpler term, the decline of the state is arguably considered to be the consequences of globalization. Africa as a continent experiences a growing involvement and integration in the world economy, where nation states in the continent become part of a larger pattern of global transformation and global flows in trade, financial activities, people, knowledge, communication and weapons in order to comply with the interconnected global order. In reality, globalization is nothing, other than the expansion of capitalist activities in the third world countries in order to overcome the economic crises bedeviling the center in particular and to open up international transaction for a world economic system in general.

The dramatic changes in the global economy exhibited a relationship of domination and extreme control between the rich and low income countries,

primarily emerging nations. Gianaris (2001) pointed out that, as globalization and development proceeded, the gap between rich and poor widens not only between countries, but between groups of the same countries. He further added that, with the globalization a new version of the ancient Greek city-states might replace modern nations as competitive urban regions which would fight wars over trade and cyber space not territories, in the course of these activities, natural sovereignty will diminish, corporate empires and new ideologies would flourish. Similarly, in future high tech-feudalism might prevail and the democratic ideals are believed to be secured (Gianaris, 2001).

The above assertion concurred with the report prepared by the secretariat of the United Nation, which indicated that, many 3rd world countries are hardly couple with globalization and its impact, because of their weak institutions, technology, and skills. Furthermore, the report pointed out that, globalization has brought a technology, capital, and new market to some developing state and other groups within those countries, the advantages may go together with financial uncertainties, economic predicaments, loss of autonomy, quasi structure and a disturbing concentration of wealth which will eventually exacerbate inequality, social instability and poverty (United Nation, 2000).

From the above report, one can realize that, like colonialism, globalization movement supported by developed countries and led by the private sector enterprises reveals continuity towards integrating economics, which started over a century ago. This is dominated by autocratic empires and the colonial powers, as such; the unprecedented level of international trade and exchange alongside with the unparalleled technology, innovation and democratization processes poses greater challenges to African state in the globalizing economy. Therefore, there is manifestation of globalization, especially in Africa, such as neo-liberal economic policy in the form of structural adjustment programs (SAP) which united the whole globe on the basis of market principles.

In addition to that, globalization operates via its agents like the World Bank, International Monetary Fund (IMF), World Trade Organization (WTO), the European Economic Commission (EEC) now the European Union, G7 (now G8), Organization for Economic cooperation and development (OECD), Non-Governmental Organizations (NGOs), and Multinational Corporations (MNCs). The above assertion concurred with the view presented by Lahti (2010) that globalization enables films a global geographical reach in trade, investments, and competition (Lahti, 2010). According to him globalization in this perspective is driven by the progress in Information Technology (IT), which



makes it essay to maintain a global, real time information exchange. Thus, the internationalized policy processes of expansionism use the above agents to roll back the States, simply, because the challenge of global competition diminishes State control.

Most of the times, state in Africa does not have major requirements to compete with advanced economies in the global market, most especially with the activities of MNCs in Financial flows and growth of International Trade which have been supported by technological advancement, innovation and development of communication and transportation system. To this effect, national government is automatically limited as regards to the control of the spread of ideas, capital, technology, labor, trade or ownership of economic assets. These changes and many more, demonstrated the insignificant and the minimalist influence of the national government on business transaction; it increases interdependence and greater international competition. Moreover, since state in Africa could not compete positively, national governments are bound to be weak and loose control of economic policies and economic future.

Methodology

The study relied on literature to examine the implications of globalization in African states; it used a secondary source of data to justify a particular approach to study. This is highly desirable because there is a sufficient data already existed on the implication of globalization on African states. Therefore, the use of secondary source will allow fuller use of data and saving of resource for conducting a new survey. Moreover, books and journal articles can provide enough information for the research (Babb, 2012). But for a good research it requires further analysis (David & Sutton 2004).

The Implications of Neoliberal Globalization on Africa States

As we are all aware globalization operates with its instruments which comprises; deregulation, privatization, liberalization, information technology and democratization which are also considered major ingredients of open market economy. For any nation to integrate with the globalizing economy, it must adjust to the dictates of the neoliberal policy, in which the idea of the globalization itself came into being, to ensure the realization of the needs of liberal democracy for the implementation of its policies; there is a need for the adoption of free market economy, relegation of all government, to be a minimalist state and absolute individual freedom and the right to private

property. These and more symbolizes the fact that, the state has no guarantee to its monetary power, to some extent; the market would rein while the state declined (Beall, 2002). The state could not do the works of the market due to the flow of powerful interest groups and their advancement in the process of globalization, alongside with the nature of the system. Globalization has posed states to reduce spending and interventions (Beall, 2002).

Some scholars in Africa demonstrated the multidimensional nature of the challenges of inequality in the era of globalization, whereby the entire system seems to be devastating for economic growth and development in Africa. According to Onyeonorun (2003) the globalization project that aimed at the structural economic transformation of modern capitalist relations in Africa is associated with the process of de-industrialization. This is true because the idea of economic globalization is arguably considered to put an end to the system of autonomy of states, which actually leads to the erosion and diminishing of the state power to establish or control its industries.

The gap in terms of capital flows and technology proves the incapacity of African states to compete with the advanced economy. Therefore, even within African markets Multinational corporations dominate the processes to the extent that power shifted from the state to firms. In support of this reality of globalization, American Political Science Association (APSA, 2008) posited that, the high levels of inequality existed between nations and this has posed permanent problems in the world. The problems appeared in three major ways: firstly, international inequality in terms of economy, which allows powerful countries to shape the growth of global markets, in that, it limits the benefits that world system may deliver to poorer countries. Moreover, capital flows are shaped in such a way that, the disadvantage nations suffer, while increasing the frequency of financial crises.

Secondly, this inequality within developing nations often allows the elites to initiate policies and institutions yielding patterns of development that disproportionately favor their interests. The report demonstrated that domestic inequality also enables them to resist useful institutional changes. And lastly, the status of economic inequality within nations may produce hierarchies that empower elites to establish an institution that discriminates against marginalize, weaker groups, often provoking resistance that promotes violent conflicts.

Bunce (2016) had made a comprehensive analysis of how globalization affects the developing nations of the world with regards to domestic policy, particularly Africa where the global market



exhibited international imbalance and inequality. The developing nations look for independent future and tried to avoid dependence on the international market or more specific “neo-colonialism” that historically embodied oppression. Furthermore, Bunce examined the nature of Latin America, Asia and Sub-Saharan Africa; in this case, every state forms its policy which dictates how they respond to globalization.

Asian countries have a good economic growth from 1965-2010, and most importantly, they were able to overcome two economic crises. In 1990-2010 China and India were considered to cover 40% of the world population with poverty, but despite all this phenomenon, their economy grow fast. Also Malaysia deserved a credit for establishing a well-diversified economy. Asian countries have a robust economy because of their ability to react properly to globalization, through their domestic policies. Similarly, Hong Kong, Japan, South Korea, China and Taiwan are all successful (Bunce, 2016).

There is a variation between Latin American and Asian countries because of the United States much serious interference in the domestic affairs of Latin American countries; this actually influences some of their policies to respond properly to globalization. In Sub Saharan Africa, decolonization and globalization have a negative impact, as they do not have strong economies and prerequisite for growth. Unlike, Asian countries that were able to met the pre-requisites as outline by Wolf. It was stated in Wolf that, for country to foster economic growth in its domestic institutions, it must be able to support a stable state. It must have a high level of literacy, provision of basic health, adequate infrastructure, and security among others (Bunce, 2016).

In a similar vein, Carmody and Owusu (2016) have identified a feature of neo-liberal regime as accumulation of inequality which presented a challenge for maintenance of regime in Africa and other countries. It actually influences urbanization of African cities and the inability of Africa to cope with the challenge of globalization. Ohmae (2010) in his book title “*the end of the Nation State*” demonstrated clearly that, a new regional division of labor aloud the triad of the core region states such as the U.S, the EU and NICs the authority of rulemaking in the global economy. While the whole Continent of Africa, is almost out of the triad and even South America to some extent. But with the relocation of industrial activities from the U.S and the E.U to China and India, these Asian countries have recorded significant achievements in combining the state control in certain key areas with price mechanism of global markets.

In responding to the challenges of the era of globalization Olukushi (2001) opined that, West Africa’s capacity to respond to the forces of globalization will be enhanced by a more systematic effort at promoting the investment capacity of the local entrepreneurs, especially in agriculture and industry. But the issue remains that, African countries may not likely cope up with the competition in the internationalization of trade, finance and investment, the rapid advance of technology and the power of multinational corporations.

Furthermore, the more globalizing the African states are, the more they are transforming their decision making process for exploitation and policy direction from outside. According to United Nations (2000) globalization is largely private sector driven. It represents a shift in the focus of decision making not only of the nation-states to transnational actors, but also from the national government to the private sector. With this anomie, and more aspects of globalization, African states may likely lose out of the international transaction the way it lost out in its capacity to improve productivity for a global market.

Globalization is about expanding and opening international trade and border, which contradict the concept of “comparative advantage” propounded by British economist David Ricardo in his principles of political economy and taxation. Ricardo has a view that nations should specialize in producing goods which they have a comparative advantage over others. These will serve as their market niche. It will also go a long way in benefiting the buyers and seller as well as the balance of trade (Ellwood, 2015). He argued that globalization of today bear little similarity to the market understanding of Adam Smith, because it is dominated by faceless mega corporation with marginal ties.

WTO in its report 2013 presented Europe and North America as those who accounted for nearly 50% of global merchandise exports and 61% of a commercial service (Ellwood, 2015). This posed a serious question to the world economy and to the principle of comparative advantage. It is *laissez-faire*-capitalism, which believes that common good is best served by the uninhibited pursuit of self-interest. In the early 80’s African countries embraced the structural adjustment program in order to boost their economy, but in reality the program and other reforms did not resolve the predicaments of the continent in relation to the economic development. Likewise, the recent economic meltdown of the financial institutions in America signals lack of hope and prospects to African Nations, the differences in financial



transactions widen dramatically between poor nations and the richer ones.

Moreover, the IMF observed that, the extent or the severity that began with the bursting of the housing bubble in the United State in the year 2007 reflect the confluence of myriad of factors, some which are familiar with the previous crises while others are new (Sunusi, 2010). As such, the globalizing nexus always proves its favorable tendencies towards advance economies, simply because globalization has the potentials to transform the ways and manners in which organization and people operate, cooperate and interface, specifically elites from all countries can be said to share some globalized values.

Moreover, the disadvantage groups within societies in developing countries are excluded from the fruits of globalization (United Nation, 2000). The fiscal deficit has deteriorated in several Africa States, as Governments across the continent are under continuous pressure to increase spending on public services, wages in the Public sector and the provision of subsidies on foods and fuel. The deterioration is significantly due to lagging revenues in oil-importing countries, while oil-exporting and mineral-rich countries have sizeable fiscal surpluses. The contemporary slip down of oil price in 2015-2016, at world market has touched many oil producing countries. Just like Nigeria at eve of democratic change which will serve as a lesson to all and sundry. It is one of the challenging times for the country, as the new president has emerged, with high level of expectations from the citizens.

The emerging economies and Developing countries, their challenges is to shield themselves from the spill-over effects of the unwinding of QE in major developed countries, which will be transmitted through international finance and trade. As demonstrated by the financial market turmoil in the year of 2013, the spill over shocks in these countries can be consequential and costly, particularly to those new economies, that are highly exposed to international capital markets and have huge external imbalances financed by short-term external capital flows.

These financial imbalances and crises continue to make the Africa to be weak, example. Obstfeld and Royoff (2009) in their research on global financial imbalance reveals that, global imbalance and financial crises are intimately connected, and that, it originated primarily in economic policies, followed in many countries in 2000, most especially the US, and economic distortion that influences the transmission of these policies through the US and in due course through global financial market.

Similarly, loan and aids have never been the solution, rather a device to catch African countries into traps. Collier (2007) in his investigation about why the third world countries are failing, similarly, what measures could be taking about it, he observed that, what he termed as the aid for development will not yield promising results in Africa, he recalled that in July, 2005 G8 are committed to double aid to Africa, which he opined that statistical evidence suggested that aid is subject to "diminishing returns" as you keep on increasing you get less and less.

The studies of loans and assistance actually proved to be useless to African nations, and it is detrimental to GDP per capita and human development. Moreover, looking at concerns on MDGs the relevance of these findings indicated the deficiency of foreign aids as a robust way to alleviate poverty in Africa (Collier, 2007; Asogu, 2014).

Conclusion

Globalization is fundamentally a shift in the process of capitalism, to ensure a permanent, perpetual interdependence and over reliance on market forces for the allocation of resources. It is a subterranean approach of rolling back of states and the weakening of national sovereignty in the international economy. Similarly, it is increasingly clear that, competition, strong capital flows, information technology and international integration in trade are required for a successful participation in the system. Whereas nations without such advancement may likely end up being marginalized and absorbed by MNCs, as in the words of Gianaris (2001) globalization leads to enrichment and rapid spread of information and the interdependence of human being all over the world. National restrictions are gradually eliminated and big corporations are free to move to any country to maximize profits, in this free and eventually stateless environment, the homogeneous markets, the common economic environments as a global village is formed. Lower nations such as; African nations are subordinated to big ones, and small enterprises are absorbed by a large multinational corporation.

Further Research

There is a need for more knowledge to be acquired, given the parallel views and policy space between African states and international organizations, multi-national cooperation and donor agencies. Researchers should conduct an empirical study to enable Africans understand properly their position in the current global development, economically, politically and otherwise.



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