

**An Economy Analysis of Position of Africa in the Global
System and Benefits from Globalization**

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Abstract

External dependence by Africa for growth has deepened her economic crisis. As a member of the global community, Africa is not absent from globalization. The research paper analyses the impact of globalization on Africa's economic development. However, the continent is exposed to both the benefits and burdens of globalization. It argues that although globalization presents many opportunities, it also exposes developing continent to many new challenges. The paper also suggests that African governments' policies should be designed systematically so as to balance between its current low economic status, its political teething problems and the pressures to catch up and fit into the inevitable globalization trends would be over if Africa enforce a African common hard currency that must be convertible and accepted in the global System as the European Hard Currencies presently used in international trade.

Keywords: Africa, Globalization, Science and Technology, Internet, Global, Dependency.

Introduction

In spite of Africa huge mineral resources deposit potential that spread all over its soil by nature, the continent has remained predominantly a mere producer and supplier of many primary products of its minerals which are exploited by developed countries for their collective benefits. The African continent is known for exporting these primary products which are capital intensive (African Economic Outlook, 2014).

The term "globalization" appeared the first time in 1985 as the title of a book of Ronald Robertson - the sociologist. Since then, this term has been started to be used in scientific discussions, but only in the beginning of 1990's globalization was becoming more and more popular. Globalization is ,the growing economic interdependencies of countries worldwide through the increasing volume and variety of cross-border transactions in goods and services and of international capital flows, as well as through the rapid and widespread diffusion of technology and information (Shenkar & Luo, 2004: 199, cited in Adesina, 2012).

Also, it involves economic integration; the transfer of policies across borders; the transmission of knowledge; cultural stability; the reproduction, relations, and discourses of power; it is a global process, a concept, a revolution, and an establishment of the global market free from socio-political control. It has helped to liberalize national economics by creating a global market place in which all nations must participate directly or indirectly: This undoubtedly led to growing activities and power of international financial investors mainly presented by multi-national corporations (Jaja, 2010).

By paying attention to the wealth created by human labour out of nature, one can immediately appreciate that very few underdeveloped countries are lacking in the natural resources which could go in to making a better life; and in those cases it is usually possible for two or three territories to combine together for their mutual benefit. In fact, it can be shown that the underdeveloped countries are the ones with the greatest wealth of natural resources and yet the poorest in terms of goods and services presently provided by and for their citizens (Rodney, 1973).

The United Nations Survey of Economic Conditions in Africa up to 1964 had this to say about the continent's natural resources: Actually, African potential is shown to be greater every day with new discoveries of mineral wealth. On the agricultural side, African soil is not as rich as the picture of tropical forests might lead one to believe; but there are other climatic advantages so that with proper irrigation crops can be grown all the year round in most parts of the continent. The situation is that Africa has not yet come anywhere close to making the most of its natural wealth, and most of the wealth now being produced is not being retained within Africa for the benefit of Africans. Zambia and Congo produce vast quantities of copper, but that is for the benefit of Europe, North America and Japan, even the goods and services which are produced inside of Africa and which remain in Africa (Rodney, 1973).

In a way, underdevelopment is a paradox. Many parts of the world that are naturally rich are actually poor and parts that are not so well off in wealth of soil and sub-soil are enjoying the highest standards of living. When the capitalists from the

developed parts of the world try to explain this paradox, they often make it sound as though there is something 'God-given' about the situation. One bourgeois economist, in a book on development, accepted that the comparative statistics of the world today show a gap that is much larger than it was before. By his own admission, the gap between the developed and the underdeveloped countries has increased by at least 15 to 20 times over the last 150 years. However, the bourgeois economist in question does not give a historical explanation, nor does he consider that there is a relationship of exploitation which allowed capitalist parasites to grow fat and impoverished the dependencies. Instead, he puts forward a biblical explanation! He says that:

'It is all told in the Bible, for unto every one that hath shall be given, and he shall have abundance; but from him that hath not shall be taken away even that which he hath (St Matthew, n.d, 29). The story of the 'hath nots' is the story of the modern underdeveloped countries. Presumably, the only comment which one can make on that is 'Amen', will develop through the efforts of its own people. If we can determine when underdevelopment came about, it would dismiss the lingering suspicion that it is racially or otherwise predetermined and that we can do little about it. Man has always exploited his natural environment in order to make a living. At a certain point in time, there also arose the exploitation of man by man, in that a few people grew rich and lived well through the labour of others. One of the common means by which one nation exploits another and one that is relevant to Africa's external relations is exploitation through trade. When the terms of trade are set by one country in a manner entirely advantageous to itself, then the trade is usually

detrimental to the trading partner. To be specific, one can take the export of agricultural produce from Africa and the import of manufactured goods into Africa from Europe, North America and Japan.

The big nations establish the price of the agricultural products and subject these prices to frequent reductions. At the same time the price of manufactured goods is also set by them, along with the freight rates necessary for trade in the ships of those nations. The minerals of Africa also fall into the same category as agricultural produce as far as pricing is concerned. The whole import/export relationship between Africa and its trading partners is one of unequal exchange and of exploitation. This paper aims at the economy analysis of position of Africa in the global system and benefits from globalization.

Methodology

This paper adopted ex post facto research design and gathered data through secondary sources like, books, journals articles, manuscripts, internet materials, conference papers etc. We used content analysis to analyse data gathered.

Theoretical Framework

There are plethora of theories in political science but, in every research work one is naturally obliged to make use of a specific theory for analysis, the adoption of although the dependency theory has a Latin American Origin, it is nonetheless relevant to the study of Africa and in fact all third world countries (Osaro, 2022). The dependency school has come to represent a critique of

the modernization theory otherwise referred to as the western model of development.

Dependency according to Dos Santos means a situation in which the economies of certain countries are conditioned by the development and expansion of another economy to which the former is subject to. Whiles Samir Amin, tried to synthesize the various definitions of dependency which he summarized thus, that the extension of capitalism is intended to bring about modernization of profit on behalf of the central or core economies which hold monopoly over most economic initiatives. Secondly those relations between the centre and periphery have contained or continued to be asymmetrical and hegemonic and this constitutes the sole purpose of creating the periphery, the substance of the hegemony (Osaro, 2022).

The features of Globalization describe the growing of worldwide interdependence of people and countries, interconnection of relationships between sovereign nations, creating structures to support and facilitate dependence and inter connection for creation of a global market place (David 1997). The developed Countries therefore control, manipulate, set standards and rules to determine the entire means of production and reproduction in this venture. Therefore, the core countries have played a definite role in the internal development of the underdevelopment countries (periphery) which has been severely- curtailed and conditioned by the needs of dominant economies within the world which has today taken the shape of globalization. The political economy approach with reference to the dependency theory will be appreciated for this study because it shows the link between events in internal and external environment with

which internal relations and policies are conducted. It is thus within the context of the above mentioned forms of approach that globalization and the third world and its implication and development for Africa would be examined as well as analyzed in this study.

Results and Findings

Globalization is also known as being constituted by a set of process which is intrinsic to the dynamism of modernity as a concept, referred to both to the compression of the world, a new reformed form of imperialism, and the intensification of consciousness of the world as a whole (Okoke, 1999). Significantly, globalization is an economic phenomenon and it's also concerned with the issues of cultural meaning which includes issues of text, representation and identity. As Smith (1900) has pointed out, cultural tend to be particular, time based and expressive of identities which historical circumstances has formed over long periods creating impacts. There are many factors and determinants which influence on the globalization process.

Financial markets - thanks to financial markets deregulation and capital flows liberalization, their globalization process is the most advanced. Private capital is transferred very fast all over the world. Huge amounts of capital flows, financial transactions and a multitude of mediators have contributed to the creation of global financial markets. Nowadays they are working automatically and aside of the real sphere. The creation of electronic money, as the computer record, became a wonder of the contemporary world economy. In the new electronic

economy, fund managers, banks, international corporations and many individual investors are able to transfer capital from one to another remote place in the world. It must however be argued that globalization as a concept originated from the more developed western countries, as they argued that the economic backwardness of the world in general and the developing countries in particular was a product of the isolation of the developing countries from the world economy (Ake, 1996; 13).

This backwardness recorded in Africa can only be remedied by greater global economic and cultural integration. The inequality of nations challenges the theory of globalization as a world system, it is common knowledge that African countries are regarded as under-developed, if we examine the structure of an under-developed economy, typically such economy is an importer of capital and technology as well as consumer goods from the developed world (Echezona, 1998).

These imported capital and economy play a crucial role in its development. Domestic substitution for foreign technical know-how is a very costly affair often indeed impossible. This is true whether we think of replication or genuine substitution allowing for the different needs of a poorer country for most African countries, the export sector is the leading sector which sets the pace for development and shapes the rest of the economy, both the pattern and pace of growth (Ake, 1996).

Typically, size by size, the poorer the country, the more dependent it is on foreign market, and foreign sources of supply. If the export sector stagnates, so that the resources from abroad is constrained, the pace of growth and rate of structural change

respond accordingly (Kalu, 1997). These factors are highly sensitive to such decline in the availability of foreign resources. The term on which the developing countries can obtain foreign exchange, capital and technology reflects the relationship between the rich and poor countries in the world economy (Giddens, 1990).

In the face of the existing distribution of economic power, it is the rich countries who determine the terms, because in the short run, the developing countries in Africa need the products and services of the developed countries much more than the latter needs the output of the former (Ake 1996). Recent statistics obtained have intact confirmed that Africa shares in the total world trade in just about 1%. This can be appreciated if we take a look at the international commodity and market factors, African countries are mainly price takers until every recent trade negotiation and trade policy formulation. This dependency of African countries on developed countries/western countries has far reaching consequences for the development prospects of the former, (Goldbath, Megrew, & Peraton, 1997).

The existence of such great disparities and one sided dependence has placed a moral question on the concept of globalization. Poverty in African counties also reflects essentially the technological gap between them and the rich countries (Eze, 1999). Even the oil rich countries are to exception in this regard. This result in the developing countries ability to produce by themselves goods which require modem technical know-how and even less to develop an alternative technology substitute, (Okolie, 2000). The trade patter of African countries show that they usually export crude or processed agricultural or mineral

based products. These countries have pawn countries the technological development that have occurred In rich countries. This is another fact that we are confronted with that has tended to negate the principles of globalization vis a vis the development of Africa. Although the division of the world into developed and under-developed countries is an oversimplification, vast differences in natural endowment, economic conditions, cultural heritage, social organization and political radical are factors that have also tended to broaden the inequalities that exists between the developed countries and Africa in particular, hence globalization exacerbated ,global poverty` particularly in these African countries (Ake, 1996).

The difference in the material conditions of people living in various parts of the world is reflected graphically in two socio-indicators that rate the national literacy and the per capital energy consumption rate. Together these two indices provide a telling measure of sophistication of the production structure of a nation, and they are much significant than indicators based on the sect oral origin of gross domestic products (GDP). Literacy in African countries are considerably lower than that of developed/western countries as is per capita energy consumption, (UNESCO). This structural characteristics of the economy reflects the inability of African countries to exploit their economic potential and also to enjoy the so called ,benefits` of globalization. In fact about 40 African countries fall within the preview of the poorest countries in the world (United Nations)

The global economic turmoil of recent wears has affected developing countries with particular sovereignty. In Africa, the free working of market force in no way enable countries to

counterview the constraints of globalization and multinational capital. The proponents of globalization must recognize that only global redistribution can ensure the development of Africa and that the developing world's primary needs are far more social rather than private capital accumulation, which globalization entails, (Ikein, 1990) Another dimension to the issue of globalization vis a vis the development of Africa is the activities of multinational compares (MNCs), these MNCs are agents of developed nations who are advocating a greater role for the free Delay of factors within these African Nations, (Kein, 1990).

As a result of these factors, Africa stands the risk of distorted development (Ake, 1996). The calamities which this ,new world order` is visiting on billions of people around globe, particularly African Nations, cannot be quantified. As a matter of fact, globalization has led to a situation whereby the top 20% of humanity now controls 84% of the whole wealth, while the bottom 20% makes do with shade of over 1% of world's wealth (Gilpin, 1987).Thanks to technology development and using the newest computer science solutions, very complex financial operations can be realized on different markets during 24 hours a day. Global financial markets have also dominated contemporary production factors allocation processes, recently.

Nowadays financial markets are not stable, there are sudden changes of capital flows directions and financial crises are spreading very fast all over the world. Markets of goods and services - globalization of these markets accelerated thanks to liberalization, opening of national economies and institutionalization of foreign trade global rules within the WTO. 90% of foreign trade is based on these rules. It develops

dynamically and the share of trade in GDP increases in many countries. More and more goods are subject of foreign trade and many market segments offer products equal to standards and quality on the global market. The global consumer markets, ranges of products and brand names are becoming bigger. As the result of MacDonalization, consumers' needs and preferences are also similar. Only in some areas they are differentiated. telecommunication network system helps to transfer ideas, goods, information and capital the most effectively. The computer technology progress causes that "the world shrinks" and events, information and ideas are at once spread all over the world. The global information revolution made changes in production, finance, foreign trade and in business. Services branches, with a weak position in foreign trade before, have become stronger and industrial branches gained the global range. Information revolution also created opportunities of production organization for companies' branches all over the world. Global competition, globalization process is connected with global competition, which becomes stronger on the international markets.

If these markets are more connected with each other, companies have to coordinate their activities in many countries and competition conditions become more and more difficult. Liberty, liquidation of goods, services and capital flows' obstacles and possibility of doing business abroad, caused that the world economy's entities (companies, banks, financial institutions) on the one hand started to look for bigger profits abroad, but on the other hand they had to face the global competition. Globalization changes also the rules of game in gaining profits from competition. It puts the pressure on mergers and acquisitions in

order to possess a long-lasting competitive advantage. Both companies and national economies have to take actions to fight with global competition. This competition sets the paths of production restructuring, its organization and fastens the technology progress, and settle production in particularly favourable conditions. Their development results from headquarters' activities in connection with other cooperating companies in the world. Acting on the global market is supported by disseminating of market institutions, organizational Structures, management methods, production systems, data processing methods, communication, and law regulation in the worldwide scale.

Global relationships and interactions nowadays, the high degree of relationships and connections between economies causes that a phenomenon existing in one country or region is easily transferred to other countries or regions. Unfortunately, the most often this concerns crises. The development of particular countries often depends on the situation on the main stock exchanges and on the currency markets. In the past, most countries were independent on sudden changes of other markets. The pace of crises' transfer is very dangerous especially for emerging markets. Now, remote economic and political events have a stronger direct influence on other countries than ever before (financial crises). Additionally, actions and decisions made in one country can have global implications and influence on economy, politics and lives in other countries. As the result of trade, production, financial, investment and technological connections between countries, the world economy is not the sum of individual markets any more, but has become an integrated market system.

Schools and universities should develop abilities of fast self-organizing and enterprising adaptability to continuously changing conditions. Modernity and entrepreneurship have become the most important and the most difficult challenges of education in this era. The experts claim the new education system should be a pro-investment. It is to be based on the development of individual creative abilities and on preparation to taking part in innovative organizational cultures and institutions, where innovations are created. Therefore, pupils should be taught innovation from the lowest education level – the primary school. Virtual organizations play also a crucial role in the education process. They are the source of innovation and possess the ability of elastic adjustment to new conditions. Pupils and students should take part in practice and education exchange programs, because this teaches them how to act in conditions of other cultures and traditions and how to cooperate with people from other countries. The education system also has to be continuously improved, because change is one of the most important features of the global economy.

There is an indication that globalization have not led to the development of Africa, instead it has caused poverty, underdevelopment, instigated crisis and also caused citizens in African countries migrate to the western countries in search of a better Life, (Clasle, 2000). Globalization is also known as being constituted by a set of process which is intrinsic to the dynamism of modernity as a concept, referred to both to the compression of the world, a new reformed form of imperialism, and the intensification of consciousness of the world as a whole (Okoke, 1999). African nations must begin to look inwards for self-reliance and building capacity to generate processes of growth

and development to meet the challenges of the world trade blocs in the ongoing globalization. African union needs to take more seriousness in the integration of economies of Africa with less emphases outside for aids and loans.

Conclusion and Recommendation

The concept of globalization, its history, instruments and problems for the African continent, while identifying it as one of the recent developments currently changing the physiognomy of global politics, it specifically focuses on its challenges, consequences and implications for Africa particularly, in the realm of equality of players, requisite input into the policy process and, the encapsulating assertiveness of the global village. In the process, it was argued and revealed that, globalization is the final conquest of capital, over the rest of the world and that its ‚antecedents‘ and ‚uneven development thesis‘ are explainable within the context the one-arm banditry and ethos of capitalism. Furthermore, it was argued that this will continue to be so, irrespective of its aim at the transcendental homogenization of political and socio-economic structure of the globe and its purported benefits to mankind.

Therefore, this paper recommends that African must look at Africa to produce for Africa for her own economic survival and work together to build together. African Union should reactivate the works of the Regional Economic Communities (RECs), in areas of trade, commerce, one common market, industry, agriculture and technologies. It must stop mass importation outside Africa but focus more on exports and industrialization. The paper also suggests that African governments‘ policies

should be designed systematically so as to balance between its current low economic status, its political teething problems and the pressures to catch up and fit into the inevitable globalization trends would be over if Africa enforce a African common hard currency that must be convertible and accepted in the global System as the European Hard Currencies presently used in international trade.

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