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# Globalization and structural adjustments in sub-Saharan Africa

Joe L.P. Lugalla
*University of New Hampshire*, Joe.Lugalla@unh.edu

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*(A New Dimension of Neo-Colonialism)*

Joe L.P.Lugalla (Ph.D.)

Professor, Department of Anthropology, University of New Hampshire

## Introduction

The concept of "globalization" is not more than twenty years old, but the social, economic, political, and cultural processes that have been associated with globalization have existed for many years. "Globalization" refers to the increasing movement and exchange of capital, commerce, communication, and culture worldwide (Green 2001:2). These social economic processes are a central phenomenon in today's world. However, when these processes are reviewed in relation to the historic past and the plight of countries in general and sub-Saharan Africa in particular, these processes reflect a continuation of the old practice of oppression and exploitation that began via the mercantilist phase of the growth of capitalism, and later via the expansion of the European's empire to other parts of the world through colonialism. As I shall describe and argue later on in this paper, globalization is not at all a new process. It is simply an expansion of capitalism as a mode of production at a global scale. The impetus of this expansion has further been enhanced by the collapse of the former communist societies and their system of economics, politics, and social organization of life, thus paving way to the penetration and dominance of capitalist social relations of production in almost every corner of the world. Capitalism is now expanding and causing major changes in the structure, cohesion and functioning of the world economy.

In this brief account of different faces of globalization in sub-Saharan Africa, I discuss the following four issues. First, I describe the main features of the contemporary process of globalization. Secondly, I present a historical account of the process of globalization and colonialism in sub-Saharan Africa. In this section I also discuss the impact as well as the legacy of colonialism in societies of sub-Saharan Africa. Thirdly, I discuss how the new forms of globalization/colonialism play out in sub-Saharan Africa through the so-called Structural Adjustment Policies (SAPs), their major consequences, and who gains and who loses. Finally, I end the discussion by highlighting in brief what ought to be done in mitigating the negative consequences of globalization.

## New Features and Trends in Globalization

Although it is evident that globalization is nothing more than an expansion of capitalist relations of production at a global scale, there are however significant differences in the way this expansion has taken place throughout history. Each period has tended to be unique and has been characterized by specific new features that have been instrumental in ushering in new conflicts and contradictions. Today most people acknowledge that there are significant changes under way with important implications in the organization and functioning of the global economy. Although there seems to be a consensus on this, there are disagreements as to whether the world now has a globalized economy. What we see are new trends in the world economy that symbolize globalization. The trends do not follow a linear path, and some of the claims associated with globalization have not been attained or are very unlikely to be tenable.

The new trends in the world economy that symbolize globalization are as follows: First, there is a tremendous increase in integrated global markets in production, capital flows and trade. What we are seeing is a situation where the world economy is increasingly becoming one and national markets are being replaced by global markets (Went 2000:8). The global markets are becoming the natural strategic horizon for major corporations, investors and speculators (ibid). Second, we are witnessing the fast growth of the weight of multinationals in the world economy. Joint ventures are mushrooming among companies. We are seeing not only the emerging of big global companies but their mergers too. These companies are busy in producing and distributing their commodities regionally and globally. Third, in terms of development planning, many countries emphasize the macro-economic policies as if that was the only good way of instituting successful development objectives and plans. Fourth, the ideology of free trade has become dominant. Many countries, particularly poor ones, have through the dominance of policies of neo-liberalism liberalized their economies and trade transactions. This liberalization has been followed with the internationalization of goods and commodities. The World Bank and the World Trade Organization are enforcing the same neo-liberal policies of structural adjustments in the Third World countries and shock therapy policies in countries in transition (former communist countries) as if all countries shared common history, held the same destiny, experienced similar problems, and had the same development agenda and priorities. These policies assume that all countries are endowed with the same resources, social capital, and the same cultural background.

As Went (op. cit) has argued, the austerity programs in the OECD countries, shock therapy policies implemented in transitional countries, and structural adjustments programs for the Third World countries all have the same characteristics. They propagate export-oriented growth, free markets, less state sanctioned social welfare, privatization, deregulation, and free movement of labor. Full employment is not the prime motive of these policies but rather fighting inflation by stabilizing prices. Probably Teunissen and Veltman are right when they say that: "In corporate headquarters' corridors these days, they say that the only way to really insult an entrepreneur is by wishing him luck in creating a lot of jobs…Modern entrepreneurs think globally from this standpoint, the nagging unions who say that higher profits should mean more jobs in your own country sound provincial." (Went op.cit. Page 6).

At the same time, all these seemingly "nice" and "attractive" new economic trends are accompanied by the increase in problems of governance and political stability in many countries. Although the cold war (which was a war between communist/socialist ideology and capitalist ideology) as we used to know it is over, to our dismay it has been replaced by an increase in organized violence, crime, and brutal forms of terrorism.

The booming wealth and the lavish life styles that some few individuals enjoy is also accompanied by a rapid increase in the number of people living in poverty around the world. The gap between the rich and the poor within and between countries has increased terribly during the last two decades. This has led to polarization of power and social classes. A variety of statistics show that the growth of disproportionate income around the world is alarming, and in Africa, there has been a rapid fall in average incomes in many countries. As incomes have fallen overall, the feminization of poverty (the concentration of women among the poor) has increased at an astonishing rate. This trend calls for assessing the impact of globalization along gender lines and reveals that globalization has not meant the same thing to everyone.

## The History of Globalization in Sub-Saharan Africa

The history of globalization in sub-Saharan Africa does not only begin with the history of colonization, but rather with African's participation in the global economy via the supply of slave labor. However, the coming of colonialism intensified these relations and affected Africa even more.

African countries were colonized by European powers because of the economic contradictions that were created by the rapid growth of capitalism, particularly industrial capitalism in Western Europe. Colonialism in sub-Saharan Africa had three main objectives: to meet the high demand for raw materials for Western European industries, to secure areas and territories that could function as markets for the European goods that were being produced by capitalism (industrial revolution), and to identify and dominate strategic areas/territories for future investments. This leaves no doubt that the aims of the expansion of capitalism through colonialism were predominantly economic. However, a political process of "colonialism" and the creation of the colonial state were necessary in order to achieve economic objectives.

Once colonialism was achieved, the colonizers began setting out a variety of social and economic changes in the conquered societies to make sure that their colonial economic objectives were fulfilled. First was the total destruction of the local system of social and political organization. In most countries the traditional chiefdoms/kingdoms were abolished and became replaced with the Western European system of political rule and governance (the essence of the colonial state). The consolidation of the colonial state was followed with the introduction of new patterns of social and economic organization. Most land of the local population was taken and given to settler farmers who used it for producing non-food agricultural raw materials that were needed by western industries. The introduction of both export crops and a cash economy (money as the medium of exchange) forced the natives to either produce agricultural products that they never consumed or to become proletariats by seeking waged employment in rural based plantations or in the urban areas. This marked the beginning of the migrant labor system—a situation that separated most men from their romantic partners (wives, girlfriends) and family members like children for a longer period of time. Recent studies on HIV/AIDS have shown how the legacy of migrant labor system has been very instrumental in facilitating the rapid transmission of HIV/AIDS in most countries, particularly in southern Africa.

In trying to make the colonies self-sufficient the colonial economy introduced direct and indirect policies of forced labor. African labor was recruited for work on commercialized plantations or in gold, diamond and copper mines. The workers were paid substandard wages and were required to pay (in money form) head taxes to the colonial state. The introduction of taxation forced most Africans to abandon subsistence farming and become proletariats. In order to facilitate economic efficiency in terms of transporting goods and linking the hinterland and coastal areas and also in order to make sure that the movement of labor was swift, the colonial state developed communication infrastructure like roads, railway lines, ports and others. The main purpose of these was to secure natural resources and human labor (Scupin 2000:317). The roads and railway line network system of most African countries that we see today continue to reflect this legacy.

As Scupin (op cit) has argued, the major consequences of these colonial processes were the complete disruption of the indigenous production and exchange systems. Besides drawing most local people into waged economy, monetary systems based on European coinage were introduced, thus displacing the former systems of exchange and production. The transformation of agricultural economies triggered dramatic change in traditional peasant rural communities (ibid). Most of the land of the local natives fell into the hands of colonial settlers, large landowners, and moneylenders. In many cases these changes encouraged absentee landownership and temporary tenancy (ibid). The usual traditional long-term care of land by the peasantry ended up being sacrificed for immediate and more short-term profits. This disconnected land, labor, and capital from the village kinship structures of reciprocity, redistribution, exchange, and sharing. The African peasants became now key players in the international capitalist system. In order to facilitate and enhance the ideology of colonialism, traditional religious practices were discouraged and were replaced by Western European ways of worship and belief (Christianity). Traditional forms of socialization and education became replaced by western systems of education. Western education was not only aimed at producing skilled Africans who could work in the bureaucracy of the colonial state, but it was also a deliberate colonial maneuver of cultural transformation with the ultimate aim of making sure that the young Africans learn how to "Behave Western," "Think Western," "Believe and Worship Western," "Eat Western," "Dress Western," and "Dance and Drill Western." By the time African countries got their independence in late fifties and early sixties, the damage of colonialism became apparent and most of its legacy is still being experienced today.

Colonialism marked the beginning of the participation of African countries as producers and not only as suppliers of labor (slavery) in the global economy (International Capitalist System). Today, Africans not only produce commodities that have an exchange as well as use value, but even their labor has become a commodity whose value and price is determined by the world market. What is evident is that these economic processes of global capitalism began through colonialism to shape the socio-cultural systems and conditions of life of African natives throughout the sub-continent. All this strengthened and helped to build the industrial might of the West, but at the same time bewildered Africans' own initiatives and capacity to develop. In brief, the development of the economies of Western Europe triumphed at the expense of African and other Third World economies. One can therefore argue that the "Development" of the West and the "Underdevelopment" of the Third World are not isolated processes, but rather two sides of the same coin. Although many people tend to trace the origin of globalization in African societies with colonialism, some of us think that the process began earlier with the pillage and plunder of African human resources through slavery and slave labor. As Charles Green has argued, the interface between the black diaspora and globalization began centuries ago as black labor was coerced for exportation and later production of raw materials to various parts of the new world, mainly for the benefit of capital (Green 2001:12). These economic practices have had a significant effect on the expansion of the black diaspora by uprooting scores of people from the Third World to migrate outward in search of work and livelihood for themselves and their families (ibid.). The preponderance of blacks in some of the least desirable conditions in urban centers on and outside the African homeland enables us to understand that, albeit different in many respects from the system of slavery, what links economic globalization to that earlier system is human exploitation and also its reliance on involuntary migration (ibid: 13).

## Structural Adjustments and Globalization

In 1981 the World Bank published the Berg Report on the social and economic crisis that most sub-Saharan African countries began experiencing in mid 1970s. The report that engendered a major paradigmatic shift in development assistance to the region argued that the main factors behind the crisis lay on mismanagement of both the economy and natural resources by state bureaucrats, lack of accountability, corruption and poor systems of political governance.

The social and economic crisis was seen to be characterized by negative trends in the growth of the economy leading to falling Gross Domestic Product (GDP) per capita, declining performance of the agricultural sector and more particularly the export sector leading to shortage of foreign exchange, deteriorating internal and external accounts and increasing internal and external borrowing. Due to these economic trends, development defined in terms of social progress came to a halt in some countries, reversed in others, and the number of people living in abject poverty and squatter settlements increased in most countries. It is in response to this kind of crisis that the politics of the Bretton Woods Institutions, namely the World Bank and the International Monetary Fund, necessitated the introduction of "Structural Reforms." What did this mean?

In the eyes and hearts of these financial institutions "Structural Reforms" meant adjusting structurally the economy in order to manage properly the balance of payments, reduce fiscal deficits, increase economic efficiency by encouraging trade liberalization, private sector investments and export oriented production. The essential commandments to be followed in order to achieve the above were:

- Devaluation of the local currency
- Privatization of the public sector of the economy
- Liberalization of trade by introducing a free market system
- Reduction of government expenditure in social services like health and education
- Introduction of user charges or cost sharing policies in social services like health and education
- Introduction of export processing zones
- Retrenchment of workers in the public sectors of the economy (downsizing)
- Abolition of government subsidies in agricultural inputs
- Democratization through the introduction of multiparty politics

Most of the countries in sub-Saharan Africa were forced to adopt these measures as conditionality for aid, loans and grants from not only the IMF and the World Bank, but also from other donor countries and agencies. Under structural adjustment, state intervention was to be reduced to a minimum and the impetus for the economic growth was to come not as in the past from the domestic marker but by integrating more African economies into the world economy—the very source of their underdevelopment, poverty and misery (sic). Governments were required to withdraw from the market to provide better incentives to exporters and foreign investors. Public spending, particularly in social services, health, and education, was to be reduced in the interest of balancing the budgets. Policies that advocated protectionism were to be withdrawn and replaced by free trade and the politics of liberalization. The establishment of the World Trade Organization (WTO) in 1995 accomplished the creation of the "Trinity" of the advocates of structural adjustments, namely The World Bank, The International Monetary Fund and The World Trade Organization. These institutions have been so instrumental in not only designing SAPs but also in implementing and defending them worldwide. In recent years the trios have continued to claim that these structural reforms represent not merely an agenda for macro-economic stability, but a comprehensive strategy for poverty reduction (Watkins 1996:257).

Sub-Saharan African countries have been implementing these SAPs for about twenty years now. What has happened in these countries during this period can help to explain what these policies have done for Africa. This experience can help us to understand whether what has taken place is "stabilization" or "stagnation" of African economies? Whether it is "Poverty Reduction" or "Poverty Intensification"? The few quotations below from Watkins (1996:71) can help one make his/her own judgment.

"*There is only one thing worse than structural adjustment; and that is not adjusting.*" (Kwafi Akoor, Finance Minister, Ghana)

*"ESAP (Zimbabwe's Enhanced Structural Adjustment Programme) has meant that we can only eat two meals a day. We can no longer afford meat, because prices are too high. Everything costs more. I cannot afford to pay the school fees for my son and daughter since they started charging. Government said it was because of ESAP. We can't even go to the clinic when the children are sick because we can't afford the medicine.*" (Zimbabwean Woman, Harare)

"*I have read that our country is stabilizing. That may be true, but we have no jobs. We can't send our children to school. Maybe stabilizing is a good thing for the country's we pay debt to, but here life is getting harder.*" (Zambian Woman)

In general, the impact of SAPs in most sub-Saharan African countries has been as follows:

- Cost of living has gone up and thus making life of the majority of the people much harder.
- Public Institutions have been privatized leading to retrenchment of personnel, leading to rapid increase in unemployment rates.
- Increase in rates of people who are poor, poor health and rapid spread of HIV/AIDS.
- The widening gap between the poor and rich has increased the scale of organized crime, violence, and political instability. This has in turn led to the increase in political and economic refugees, famine and hunger, which have in turn increased the rate of both local and international migration.
- The social services sector (health and education) has collapsed.

## Conclusion

Overall, looking at the twenty years experience of SAPs in sub-Saharan Africa, the optimistic view held by most neo-liberalist development planners that structural adjustments are capable of promoting social and economic development and stabilizing economies of the Third World countries must now be doubted. What we see happening in Africa and elsewhere in the developing world suggests more pessimism than optimism about the future development of not only Africa but poor nations as a whole. Globalization is certainly increasing economic opportunities, but unfortunately these opportunities are not distributed equally. The multi-national corporations as well as their home governments are also so strong that now the politics of development of the developing countries is at the mercy of those who wield both economic and political power. The G7/G8 countries play a leading role in shaping the direction of development of the global economy and its politics. Dictation and force rather than compromise, discussion and people's participation is sometimes used in making sure that the global economy and politics move in line with the interest of those who have political and economic power. That is what globalization has become today. These trends have not only polarized nations but also social classes too within and between countries. There is evidence from many countries that the gap between the rich and the poor both at the level of nations and among people has increased. The majority of poor continue to be marginalized and suffer at the time when the few rich continue to blossom with wealth. As the Director General of UNICEF has noted, "It is widely known that the poor have usually gained least in good times and suffered most in bad times" (Bernstein 1992:77).

Although behind the wheel of globalization are multinational corporations and the governments of their home states, these dynamics have now influenced and are currently controlling and determining the *modus operand* of international institutions like the World Bank, the International Monetary Fund and the World Trade Organization. Although these institutions are not owned by the G7/G8 countries but have member countries throughout the world and therefore are required to operate democratically, today that is no longer the case. Few countries dictate the policies, and democratic processes are now a mere illusion in the way these institutions function. As we have demonstrated, the policies of structural adjustment and the regulations propagated by the WTO have facilitated the pillage and plunder of resources from Third World countries rather than promoting social and economic development. These processes have facilitated the rapid integration of African and Third World economies into the global economy where the principles of life articulated in the story of the "Animal Farm" predominate.

To assume that multinational corporations are too powerful to be controlled under the current waves of globalization and capitalist expansion is to assume too much. Development can only be achieved if it is carried out in a democratic way, if it is voluntary and if it fully involves people's participation. For development to take place, one must be good at listening to the voices of the poor and at implementing development priorities that consider the basic needs of the majority poor. By focusing on macro-economic policies without examining their impact at the micro level we might end up implementing policies that negate the interests of the poor and therefore hurt rather than assist them. This amounts to *"Draining the pond in order to catch the fish."* There is no doubt that this is what globalization in the era of structural adjustments is doing to most poor countries of the world in general, but particularly sub-Sahara Africa.

What I have done in this paper is to highlight in brief what globalization and structural adjustments are doing for sub-Saharan Africa. This paper should be viewed as a trumpeter for change. If it can inspire, arouse, and invigorate the people of this sub-continent and elsewhere in the world to achieve a new level of awareness and consciousness about the negative consequences of undemocratic and uncontrolled process of globalization, and if it can convince people and pioneers of development to listen to the voices and needs of the poor, then it will have achieved its ultimate objective. As for the students of the University of New Hampshire, The Department of Anthropology teaches a variety of courses that address in detail most of the things that have been briefly discussed in this paper. These include: Anthropology 411 (Global Perspectives on the Human Condition), Anthropology 500 (People's and Cultures of sub-Saharan Africa), Anthropology 680 (Globalization, Development and Poverty), Anthropology 780 (Anthropology of Globalization), Anthropology 760 (Race in Global Perspectives), Anthropology 720 (Roots and Routes: Migration and Globalization), Anthropology 715 (Global Warring), Anthropology 627 (Urbanization in Africa), and Anthropology 614 (Economy, Culture and Society)

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