Progressive and Retrogressive Phenomena of Economic Activity in Africa

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Abstract

This study examines the concept of globalisation in its characteristics ramifications. The research used empiricism or an empirical method of data collection and analysis. The research used feasibility and affordability in gathering of data for the work using empirical approach in which statistics and figures from credible sources are relied on. The data obtained were discussed using empirical methodological analysis where some themes are identified and discussed from the topic of the study using scientific tools such as tables, charts, bars and figures where necessary. The research discovered that globalisation is not a good phenomenon in African continent owing to slow economic growth, trade disequilibrium and parallel development comparatively because of disadvantages in terms of export, volume of trade exchange and low level of technological development. The research recommends that there is an urgent need for the African countries to restrategise and reshape their economic and political interest at the global level through the creation of a competitive means of relevance at the global centre-stage of world economy and politics.

Keywords: Africa, Development, Economic Growth, Globalisation, Trade Disequilibrium

Introduction

Globalisation is a transcendental process in the history of the world which emerged through the historical vicissitudes of economic and political relationships across the globe for many centuries. The world is closely becoming a small entity and the nation-states borders are quickly shrinking and disappearing to form a universal linkage of one world economic and political order. Globalisation is a phenomenon and a process that is transforming the globe into a single system of inter-relationship where the political economy of the world is unified and merged into a single system that cut across the world in a most rapid space never witnessed in the history of this world (Gilpin, 2001; Hoogvelt, 2001; Thernborn, 2006; Heywood, 2011).

Globalisation has been perceived differently by different scholars according to its benefits, opportunities, threats, effects and impact on individuals, organisations and world countries. For instance, it is agreed that globalisation facilitates economic growth among the nation-states and across the continents because of movement of capitals, jobs creation, technological spread and increase in volume and percentage of trade (Barry, 2010; Adams, 2010). However, other scholars (Berger, 2014; Goldberg & Pavcnik 2018) argued that globalisation fuels inequality and increase poverty in some countries even though, it has improved the economic growth and development of other advantageous states in the process.
One of the continents that is affected by the effects and impact of globalisation is Africa. Africa has been battling with economic growth, issues of trade imbalance at international stage and development issues for many decades. Indeed, Africa entered the globalisation world with myriads of developmental problems which consist of poverty, unemployment, diseases, insecurity, hunger, malnutrition, low level of technology and low per capita income. The globalisation process does not make Africa either better as it consolidates the level of poverty and inequality in the continent (Nissanke & Thorbecke, 2007).

Globalisation has brought many fortunes to many world countries and misfortunes to others and Africa, is one of those regions that are not fortunate in the era of globalisation due to low level of capacity for competitiveness in international political economy (Asongu, 2012). In an era where its counterparts are progressing rapidly such as the Asian countries, Latin America and Eastern European countries, Africa continue to be in economic crises, dependency and underdevelopment. The phenomenon of African crises of economic backwardness and political crises emanated from its long-term relationship externally with the western world which has been exploitative, unequal and imbalance in nature (Onimode, 1988; Arrighi, 2002).

Theorising Globalisation

For the purpose of this work specifically, the theory of Transformationalism is adopted. This theory is advanced by David Held to explain the causes, emergence and nature of globalisation as it is witnessed today. This theory postulates that the interconnectedness of the people, countries, agencies and organisations culturally, politically and economically is what gave birth to globalisation era and it is what will exactly continue to sustain globalisation in future. In essence, the theory argued that the interconnectedness of mankind across the globe created a social space that is inevitable for all nation-states to relate.

Held argued that the theory of Transformationalism is derived from the three-main school of thought or theories in which their expositions are harmonised to form the current theory in this present form. These three school of thought are; hyperglobalists, sceptics and transformationalists.

The hyperglobalists assumed that contemporary world is an era in which people across the globe are becoming more submissive to the forces of global market and demand and supply rule. The multinational corporations, individuals and nation-states established themselves as key players in globalisation instead of the former traditional dominance of the nation-states only. The second school of thought, the sceptics assumed that the international political economy is now configured into three powerful competing blocs of nation-states, multinational corporations and individual actors but, the nation-states remain supreme and most powerful. Thus, despite the assumed collapse of states’ boundaries and globalisation of the world, nation-states are powerful political and economic actors to reckon with. The third theorist, the transformationalist argued that, globalisation can better be theorised as a situation where the nation-states are attempting to adjust to the changing environment of the global interconnectivity which is laden with future uncertainties.

The theory of Transformationalism is applicable in the context of this research because a closer scrutiny of globalisation process will reveal that the ascendency of the ideology of global market forces and interplay of the forces of demand and supply freely determine global political economic relations in the recent decades across the world. In addition, as assumed by the theory, there are significant transformations in the world which threaten the nation-states to adjust to the cultural, social, economic and political changes to stabilise and survive. These cultural and socioeconomic as well as political changes or interconnectivity
cannot be resisted by world countries now or in the near future since they cannot exist in isolation.

Africa is one of the biggest continents in the globe which is inevitably affected by the cultural, socioeconomic and political changes particularly trade and economic growth. The nature of the international political economy favours countries with technological development and possession of multinational corporations who dominate the global market of trade, construction, technology, transport and other strategic economic sectors. To this end, while Africa is one of the most populous and resourceful continents in the world, this enable for an access to the exploitation of the African economy and by extension, the process created closer trade partnership with a benefit of economic growth. However, Africa remains isolated and dominated in an unequal trade partnership with its counterparts in America, Europe, Asia and South America. This is the clear explanation of the emergence of economic growth in Africa but, in an unequal trade relationship under the auspices of globalisation.

This study is an examination of the concept of globalisation in its characteristics ramifications which include understanding the term globalisation, historical antecedents of globalisation, the emergence of globalisation in Africa. Purposely, this paper seeks to espouse the position of Africa in the globalisation era especially in terms of economic growth, trade inequality and development. The study aimed at situating Africa's status in the globalisation process whether it’s a progressive phenomenon or a retrogressive one.

Methods

The research used empiricism or an empirical method of data collection and analysis. Emphasis is given on consulting documents and materials from the existing secondary sources such as books, journal articles, reports by international agencies, research institutes, charts, bars, tables and internet sources. This is justified for the fact that a topic of this nature would be difficult to be approached using primary sources because of the large geographical area concerned and the complexities of the topic under study. Besides, the identification of the experts and accessibility as well as affordability of those who are authorities in globalisation for any form of interview is much difficult. Thus, the research used feasibility and affordability in gathering of data for the work. However, the researchers are careful of the data collection in terms of scientific validity by using empirical approach in which statistics and figures from credible sources are relied on.

The data obtained were discussed using empirical methodological analysis where some themes are identified and discussed from the topic of the study using scientific tools such as tables, charts, bars and figures where necessary. This is to provide the basis for reliability and comparative understanding of the subject matter. In addition, the theoretical discourse is applied practically in the discussion in relation to the existing knowledge on the field and the new discovery for future analysis.

Results and Discussion

In this section, authors discussed the data obtained in relation to the literature reviewed and the theory discussed in the main text of the work for findings. As earlier mentioned, the discussion focuses on empiricism where tables, charts and bars are empirically used in a thematic form for generation of discussion and findings.
Globalisation is believed to have been influential in fostering economic growth across the globe in the most rapid pace ever witnessed in the history of the world. There may be variations in terms of the trade expansion from one country to another but generally, globalisation is supported by compelling facts and statistics to have improved the trade conditions and economic growth of world countries. This has been evidently provided in the following chart.

The above figure indicated how globalisation aided trade expansion and economic growth through integration of world economies and transformation of production and financial sector towards global scale. This figure implies that all countries of the world witnessed trade expansion and economic growth during the period of the globalisation process. Globalisation has aided economic growth through a cycle of foreign direct investment, technological innovation, economies of scale, interdependence and other factors despite the existence of some threats to the sovereignty of nation-states. This is to further justify the fact that globalisation has improve the economic growth of all countries in the world even if the level of growth favours some countries ahead of others. The following figure gives a clear illustration of the above statement.

In narrowing down to Africa, globalisation has immensely contributes to the economic growth of Africa in many ways but, the growth has not commensurate with the actual resources endowments of the countries in the continent. In other words, the growth is slow and not as expected when compared with how its counterparts in Asia and South America are pairing in the system. For example, while trade in goods and services in Africa is higher than that of advanced economies and Latin America in terms of volume, the output performance of the latter countries is higher than that of the African countries. This by implication indicates that Africa is at the receiving end of the trade terms and its benefits. This has been indicated in the two charts below.
Figure 2. Impact of Globalisation on Global Economic Growth

Figure 3. Showing Trade in Goods and Services in Percentage of Regional GDP

Figure 4. Illustration of the Output Performance and Trade Shares of Developing Countries
The comparison of the two charts above shows that Africa recorded more volume of trade than Asia in terms of percentage of regional GDP but, it has the lowest output performance and trade shares than the Asian countries. Additionally, intra-regional trade among the countries of the continents show that Africa is the lowest which decline its region’s total exports and this by extension means, less income and benefits from the globalisation of trade as indicated in the figure below.

Figure 5. Intra-Regional Trade and Share of Regional Total Export in Africa and other Continents

Comparatively, the flow of foreign direct investment shows that Asia and European countries are benefitting more than African countries under the current wave of globalisation and this means that more jobs, income, poverty reduction and technology transfer are going directly to Asia and European countries than Africa. This can be translated as lesser economic growth and trade development in the region as indicated in the following chart.

All the above figures and statistics are supported in the previous literature by Barry (2010), Adams (2010), and Gonzalez (2016) that globalisation has inevitably led to the explosion in trade and commerce across the globe and it has led to economic growth globally. This means Africa too is inclusive in this process. However, all the above-mentioned scholars agreed that globalisation has fortune and misfortune for world countries depending on the situation and the power of economic and political bargain that the countries possessed. Africa has benefitted in the globalisation process but, it has also been affected negatively in the trade process. As observed by Rodney (1976), the process of the integration of the African economy under the wave of globalisation has led to underdevelopment of the African economy through exploitation. Ake (1996) further observed that the trade relationship and foreign investment in Africa through colonialism is the most truncating phenomenon which devastated the African economy through imperialism of trade. There is trade expansion and economic growth in Africa of course, but, the expansion and growth did not translate into proper development and equality in the continent.
Figure 6. Indicating the Comparative Flow of Foreign Direct Investment between Africa and other Continent from 2007-2012

Theoretically, the theory of Transformationalism can clearly explain this context. The reason is because the theory postulates that peoples’ culture, economy, politics and society has become interconnected and transformed in a complex of interwoven global system that is inevitably challenging the nation-states and world citizens to adopt to a new style of globalisation. By examining the figures presented above and the existing literature, it can be seen that globalisation has become a kind of interconnectivity, interdependency and institutionalisation that countries of the world found themselves to have exist irresistibly irrespective of their status or benefit that they would have derived. If the world countries are given a choice, Africa may perform better outside globalisation considering the low level of influence that they have in the process.

Globalisation and Inequality in Africa

Figure 7. Global Inequality of Income

As rightly observed by Ghose (2001) and Berger (2014), inequality is divided into two. This includes the inter-country inequality and global inequality. There was a sharp inequality in the world before or in the early stages of globalisation and the inequality is sharper in the present era of globalisation. This inequality exists globally, between Africa and other parts of
the world and within the African citizens in the African countries. These views are discussed below statistically.

The above chart indicates that income has risen tremendously over the period of twenty (20) years because of the influence of globalisation but, the inequality gap has become sharper with the poor becoming poorer and the rich becoming richer in the process. This incidence is sharper in the African context as displayed below in figure 8.

**Figure 8.** Comparison of the Gap of Inequality in Africa and other Continents

The above chart discloses that inequality has increased in all regions across the globe because of the formidable influence of globalisation. However, the statistics indicate that the level of inequality is higher in other regions than in Africa. Our explanation of this position is because the overall inequality gap between Africa and other parts of the world is higher resulting from improve economic growth and trade expansion in other regions more than that of Africa. In other words, the other regions are becoming richer in the process of globalisation more than Africa which explains why the inequality gap is lower in globalisation era, the higher the income and growth, the higher the inequality. The share of the richest and poorest in national consumption in Africa especially Sub-Saharan Africa is a serious case of concern in terms of inequality as presented in the bar chart below.

![Rich and poor gap chart](chart.png)

**Chart 1. Rich and poor gap**

Inequality has increased in all regions... (simple average)

Sources: Choi (2006); Povcal database; WIDER database; and IMF staff calculations.

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Figure 9. Share of the Rich and Poor in National Consumption Globally
The overall inequality among the nation-states in the globalisation process is presented in the map below which indicates that Africa is the most dominated, exploited and marginalised using the Gini co-efficient index.

![Inequality across nations](image)

Figure 10. Inequality among Nation-States in the Globalisation Era
The areas shade with purple, pink, orange and red indicate a high incidence of inequality and the areas marked ash have no reliable data which means the level and gap of inequality may be higher. From the map, most of the African countries fall within the categories of the countries that have the higher incidence of inequality. This means globalisation has not succeeded in decreasing the gap of inequality and it has not foster equitable distribution of resources in Africa as in other parts of the world. Instead, the situation is worsening as observed by Berger (2014), Gonzalez (2016), and Goldberg & Pavcnik (2018).

Additionally, the theory of Transformationalism can explain this critical situation of global inequality and inequality in Africa because it has assumed that the changes and integration of cultures, societies, global politics and economy have led to an inevitable inter-relationship in which the world has no choice to avoid. In the process, the wealth, intelligence, trade posterity and technology differ. And by extension, it means some countries and individuals will have more fortune than others most especially that competition is now allowed to occur at the global scale without protectionism and tariff imposition on international trade. Through this process, the rich individuals and rich nations utilised the advantages of their superior position to maximise their income and profit at the expenses of poor countries like Africa. This is the clear explanation why the inequality gap is higher between Africa and other regions of the world.

Globalisation and Development in Africa
Globalisation is the process of economic and political integration globally and it has been identified as one of the greatest opportunities of all time because of interconnectivity, interdependence and linkages that brought nation-states and individuals closer. This means the process of development can now be affordable to all world countries than before when it was restricted to few rich technologically advanced countries. There are many developing
countries that used the globalisation opportunities to advance economically and politically and these countries include China, Russia, Malaysia, Taiwan, South Korea, Singapore, India, Thailand and other new emerging world economies. However, in Africa, there is no significant development recorded in the globalisation era except worsening economic crises. The African countries witnessed some attainable level of economic growth, increase GDP and other economic indicators but, it has not been as expected in comparison with other parts of the world like Asia and European countries as well as South America. This can be proved by looking at some statistics below.

Figure 11. Human Development Report 2016

The above map indicated an incidence of Human Development Index across the globe in 2016 and the areas shaded sky blue indicate low level human development in which most of the African countries fall within. Indeed, the map shows that Africa is the lowest level of human development on earth in an era of globalisation where the global wealth and productivity is increasing significantly. This can be interpreted to mean that Africa is not developing accordingly under the auspice of globalisation and there is need for a serious strategy of push forward for catching up with otherworld countries. In addition, the table below show comparatively in a clear term a comparative analysis of the level of development of African countries with other countries in the world according to UNDP report in 2016.

The low human development section in the table comprises of countries that are from Africa by 98 % of their total. This is interpreted to mean that the most backward and underdeveloped countries in globalisation era are African states. This has been justified by many scholars in their works such as Rodney (1976), Ake (1996), Barry (2010), Adams (2010) and Gonzalez (2016). Besides, the theory of Transformationalism argued that the cultural, political, social and economic diffusion of the world into a single entity called globalisation will provide a fortune for some countries and misfortune for other countries. Perhaps, African countries are among those that are misfortunate in the process because of the daunting challenge of development.

Table 1. Comparative Development Index of Developed and Developing Countries in 2015
Conclusion

The study concludes that globalisation is a process and an ideology that is currently taking place across the entire globe and the world countries cannot escape from its waves and its influence culturally, socially, politically and economically. The process of globalisation provides opportunities and threats for world countries depending on their status and capability in the competitive system. Globalisation is a phenomenon that boosts economic growth and development across the planet in a most rapid speed ever witnessed in the history of the world. Nevertheless, globalisation has its negative aspects that are threatening the survival and progress of some countries which are not fortunate in the process. The study concludes that globalisation has many benefits for the African countries in terms of trade expansion, economic growth and development but, it has affected the progress of Africa more than any other continent in the globe. Africa remains backward with low level of trade share across the globe, high level of inequality and low level of development. Thus, the study...
concludes that Africa cannot survive progressively under the aegis of globalisation but, it will suffer more without globalisation. Strategies are urgently needed to extricate the African continent from its malaise of maldevelopment and insufficient growth.

References


