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I speak for my friends from Africa who have asked me to share my views with members of the European Union. Thank you for the invitation to be here and thanks to Mr. Meijer for his progressive introduction. I was warned that the purpose of this discussion is not to discuss the theory of globalization, but I am currently also a teacher and one cannot resist the temptation to do some of that but I will try. Since I cannot access my written speech there is no danger of that.

In my speech I want to set the tone for the discussions that are to come: To bring to the front what we are dealing with here, I chose a guide for my own thinking: I picked a major author called Kenichi Omai who wrote a book in 1990 called “A Borderless World – Power and Strategy”, in which he set out what became more or less the mainstream view. He said that it is all about how larger companies respond to pressures of survival. Large companies understand the need to think about innovation and invention – and to do so they should not be thinking about the market and the consumers just in around the nation state borders where they are located. They should be thinking globally for there lies the real pressure for innovation and invention. If they don’t do that they will not survive. On the other hand, the states ought to understand that there is no room for *mercantilism*, for protective measures against the movement of goods and finance. Their role is in fact to facilitate the movement of goods and finance. First and foremost they need to think in terms of educating the labour force which seems sensible. In a sense the labour force for a globalized corporation is all over the world. And secondly they should at least protect the environment, – both social environment, the social context in which everything takes place and they should think of peace, peace that allows businesses to function.

And they have to provide some infrastructure because it is also needed and very necessary to develop global trade. States also have to understand that the way to building security does not lie in militaries and building borders. It lies in creating a vibrant global island, but a global island starting with the richest countries, the countries that have been industrialized, and the settler countries of Oceania. And so within this is the island which is bigger than a continent. We need to understand that this island is not meant for everybody. It is borderless with regards to the functioning of the corporations in it, but it is full of border to those outside it. And nobody should have qualms that this process is a fair one. People from this island can go out but nobody can come in. The author is simply repeating exactly all that happened in the history of globalization that we know.

There are two periods which historians refer to, and we have a basis for comparing them. One was in the days of the Roman Empire 150 A.D. onwards and the second was the one that started in the 1870’s and ended up with the first World War. Neither of them were fair, inclusive and totally borderless. They were basically maintained by means of repressive containment. Four or five factors characterized each of them. One is that actually no globalization ever happened without hegemony. You need a hegemon to pursue globalization. So in the days of the Roman Empire you had the first globalization. In a second period of globalization you had the British Empire, and now in this

globalization you have the American Empire, though Bush tells us that they don't mean empire relationships, but there is hegemony. If you now accept that we have a unipolar world based on one basic security centre – so hegemony is part of it and there is no way that hegemony succeeds forever. It succeeded basically by being able to exploit and strengthen the centre, and by self-created exclusion. Exclusion cannot sustain forever. It always breeds resistance. No globalization can succeed, because ultimately it breeds resistance.

There is imperialism that goes with globalization and there was imperialism in the days of the Roman Empire and of the British empire as well. The US has a completely different way of imperialism but it is central to globalization and inequality is the result. And there are a lot of data which I will bring out, if I publish my paper. We have seen this from the days of the Romans through to the days of the British imperialism and the character of inequality is even more dramatic today than it was in the first, and second imperialism. And there are a lot of data on that today and it is important to take up this point a bit more, because, as I said, inequality breeds its own resistances, - and because no globalization succeeds forever because it is inherently built on inequality and hegemony.

Compared to the 1960's we have first and foremost a convergence of income within the Northern industrialized, Western countries and countries of Oceania. There are less and less inter-state inequalities within these islands of security, but greater and greater *intra-state* inequalities even with this body of countries. But more dramatically there has been a steep rise in *interstate* inequalities between these groups of countries on this "island" and the "others". You look at the data – Africa since the second globalization has never been a significant player, but there were in the classifications in the world at that time about 5 countries in 1960 that were classified as rich comparable to the Northern industrialized countries. Three of them were classified as contenders. I am here quoting basically Branco Milosowich's work of the World Bank, and so on. Then there were about 19 that were reclassified as fourth-world countries at that time. Today, from 1988 data - only one can be classified as reasonably rich, one is a contender, five are third world countries, and the rest have moved to the fourth world. It is a significant degeneration and shift, there is a great marginalization. So the process that has happened only in the last twenty years has created a significant marginalization and reduction of the position of Africa in several ways. This is what inequality means and is reflected in many ways.

The third characteristic of globalization is the question of technology. Technology has always been the means, but it has never been the sufficient cause of globalization. In fact the major cause has been the political unity of the 'hegemons' and those around them. One of the major causes of the exclusion from the uses of technology is that of the political unity of the hegemonic powers that explore, contain and monopolize technology to their own advantage. So when we look at the accessibility and use of the technologies within the global process, increasingly technology has become less and less available which is not an accident. It is part and parcel of the exclusion process of globalization.

This has three major implications for the situation of Africa and run through my perception of issues that may become the subject of our discussions:

- 1) Effects on domestic accumulation – For me from the 1980’s until now – a period which has been described as one of the export-led growth model, - there has never been a period of an export-led growth model in Africa. There has always been a process of structuring the state to pay debts, because there cannot be export without domestic production and the entire purpose of exports is to generate and strengthen the existing domestic economy. The idea is that by producing for export we create jobs and that interlinks with the economic development. But when we have no capacity to produce and this has been declining with time, we are developing a model that has been based on managing and sustaining an *international debt system* through utilizing aid. The result is that we have a debt and aid trap on the continent. The debt and aid trap is basically sustained by the “good policies” of the IMF as the supervisor with other financial institutions rallying around it. The IMF itself has no model of growth; the IMF manages the relationship between balance of payment and international finance – that is what it does. It does this by targeting inflation. By managing inflation it has created, it has created a situation where debts never really get paid – it gets recycled. By recycling it new debts get generated and in that process when governments can no more continue no more on that cycle they borrow domestically, and we end up with two types of debt which we never knew before in the 1970s even: a ballooning *domestic* debt and a ballooning *external* debt. The management of that has basically been through additional borrowing. The situation we now have is that as a result of the Jubilee 2000 Campaign we have very little bilateral debts; so when the campaign is targeted at the Netherlands or the UK or Germany that’s good enough in the sense that they have a voice at all within the international financial institutions because it is basically a *multilateral* debt problem; it is an official debt problem not a bilateral debt problem. Unfortunately, the Europeans are hopeless and powerless in the IMF - sorry to use this term. But as anybody who has worked within the IMF knows, - the Europeans are totally useless at influencing the US at the IMF which is very sad. But this can become the beginning of things.
- 2) The second issue for me is the *issues of extraction*. The only way that anybody today points at Africa, is through the capacity to extract natural resources. Currently Africa is emerging as an important new geo-political area. Why? Because of its oil and gas reserves. In view of the threats of loss of oil bases in the Middle East the US is interested in Africa. If you take a map of the new oil wells emerging, it will frighten you: the whole of the Gulf of Guinea area is completely littered. New military bases are being established and old bases are being strengthened. Oil and gas are security products because they are seen as essential to the engine of growth in the West, in rich countries. For that reasons any agitation affecting the oil and gas availability translates into an agitation internationally. So Africa is now the new geo-political centre. The creating of a ‘security’ within new industrial bases has become an important issue. And the agitation to acquire oil and gas reserves is growing. This is a very frightening

- situation for us. Even the IMF has decided that even hard minerals or soft minerals have been accursed to any country relying on it. It concluded in a study on Nigeria that it would be much better off if Nigeria were to shut down its oil wells. The only way that they can make a difference to the Nigerian economy now is to line up all the Nigerians and share the wealth among them and shut down the oil wells. But you ask the Ogoni people what happens when you shut down the oil wells. Natural resource extractions will become the last thing of the total destruction of the continent.
- 3) The issue of *the welfare systems*, the welfare-state. I use the term low-intensity occupation which is what African countries are going through. The term that is used is good governance – in the name of good governance the aid system has created an interlocking system that gives absolutely no policy space to an African state. A typical country will have an IMF poverty reduction and growth facility. Since 75% of them are HIPC countries they also have a HIPC completion point agreement. So they operate under two triggers with the IMF, which reinforce themselves. The PRGF (Poverty Reduction Growth Facility) which is very tight on the macro-economy, and the HIPC which triggers with both institutional and established targets. In addition to that, in the name of partnerships, the sectors would be littered with the sector-wide agreements. Sector-wide programs give donors, who probably are financing less than twenty percent of the entire budget, if you factor in the recurrent component of the budget, actually an overwhelming control over the functioning of the sector. To add to that there is the so-called multilateral donor budget support system which now gives to donors an opportunity to define and rule directly over budgetary policies. Only year by year the two triggers - the pro-action trigger, that before we give you 20% of what we have promised to give you, you must undertake the following reforms; and before we give you the fifty percent of the budget commitment, you must fulfill the agreements before June this year in order to qualify for July. I'm simply making the point that the whole process of the aid system has created complete take over that for me could not be anything other than imperialism. It leads me to the point to say that we are much better off with less aid than more. The only justification for international aid is that it acts as a compensatory measure for the net flow that happens from the continent. The resource transfer to outside the country is happening in many ways. Aid acts supposedly as a compensation for that, but it has become much worse – in fact aid is much more dangerous to our structures now. It is becoming another very potent mechanism used for locking in agreements that should have been negotiated or negotiated externally or pre-determined through domestic unilateral liberalization measures – policy positions that could only have been arrived at through multilateral institutions such as the WTO, or through the EU-ACP agreements. So aid and the increasing dependence on aid is a very dangerous trap and I am cynical about any expansion of it. The only way for an expansion or more of it is to create sufficient domestic resistance to occupation – what I call low-intensity occupation of our governments and taking back governments for African people. No time to talk of privatization here.
- 4) Effects on Africa of its role in international accumulation – no text on economics talks of capital mobility with no labour mobility. When you make capital mobile

and you develop xenophobia about labour mobility, it is impossible to create global convergence. Because global convergence in economies takes place in two ways – factor price convergence or through international trade. If factor prices cannot converge then capital cannot be mobile. If international trade is treated in a very protectionist way as it currently is, and even if protection on certain areas is reduced, these countries do not have the possibility to take advantage of it because their production capacities have collapsed. Hence, it is impossible to create convergences in economies. Xenophobia in the labour movement has resulted in the absurd situation existing in the Netherlands which is nothing but the worst aspect of globalization and can only create resistance. Xenophobia is not only in the Netherlands is also in the UK, where the forces of the conservative voices of the Labour Party walk around at dawn, picking up the poor people on the streets, even when they know that the people sleeping on the streets are desired because there is a closed employment and food situation. What about the situation where unemployment grows? Clearly, with international xenophobia in the labour movement there cannot be convergence and there cannot be international accumulation.

- 5) There is also for me one other point about the issue of *repudiation* or the principle of *non-reciprocity* between countries. And this is reflected in the whole EU-ACP agreement – it is not understandable why suddenly the question of non-reciprocity is disappearing from the international scene. It has happened simply because a few transnational companies have prevailed successfully upon governments. This reflects the power of a few multinationals who have gained a great influence to retain their control. It is not possible to have a level-playing field in an economy of extreme inequity. And so the single thesis of the upholding of non-reciprocity stands and ought to be pursued.

So let me end by stating what I think are the issues for a campaign. We need:

- breaking the debt-trade trap;
- raising the issue of non-reciprocity;
- the responsibility of African people to mobilize and to resist more;
- no provision of public services by utilizing a private sector model;
- hegemony works through issues of inter-locking agendas between WTO/IMF/World Bank

Thank you.